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ABSTRACT

From an interdisciplinary perspective, this proceedings of the National Rural Studies Committee examines how rural people, communities, and institutions have and are adapting to the enormous changes of recent decades, especially the 1980s. The specialized scholarly presentations cover such diverse issues as rural family, public policies, communities, social institutions, labor market, industrial development, natural environment and agricultural changes, rural education, and community leadership. The following titles and presenters are included in the proceedings: "Rural Families in Transition" (J. Jenson); "Dilemmas Confronting Rural Policies in the U.S." (L. Swanson); "Rural Communities in Transition" (S. Salamon and K. Davis-Brown); "Institutional Diversity and Rural Development in America" (R. Oakerson); "The Shape of the Center: Thoughts on Heartland" (W. Howarth); "Rural Labor Market Changes in the U.S." (G. Summers, F. Horton, and C. Gringeri); "The Nuts and Bolts of Subsidized Development: Industrial Homeworkers in the Heartland" (C. Gringeri); "An Emerging View of the Natural Environment: Implications for Rural Communities" (J. Ikerd); "Rural Education in a Period of Transition" (P. Nachtigal); "The Response of Public Institutions to the Changing Educational Needs of Rural Areas" (G. Pulver); "Tomorrow's Leaders Today: Redefining the Rural Community" (T. Borich and M. Foley). (KS)

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National Rural Studies Committee

a proceedings

Cedar Falls, Iowa
May 17-18, 1990

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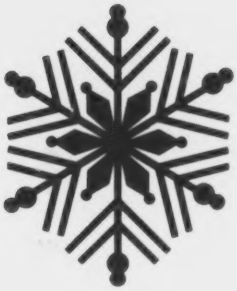

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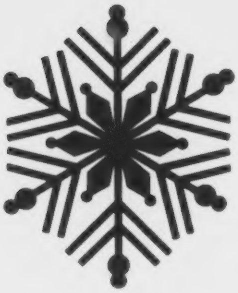
Preface



The National Rural Studies Committee has been in existence approximately three years. As originally conceived, the project was to have a duration of five years. Activity during the first year was less than planned and at least part of a sixth year will be necessary to bring the project to a satisfactory conclusion. Thus, we are near the mid-point in project life and it is appropriate that we do some stock-taking as we embark on this meeting. The remarks that follow are in this context. First, three general observations.

1. "Rural" and "non-metropolitan" are arbitrary terms. Thus our name, the National Rural Studies Committee, is a pragmatic one; a conceptual basis for something that might be called "rural studies" remains illusive.

This obvious fact has important implications for the work of the NRSC. For example, if the non-metropolitan areas are to be understood, the metropolitan areas and the world economy must be taken into account. This view has been reinforced for the NRSC by insights from economics, anthropology, American literature, geography and sociology.

2. Even though it may be difficult to differentiate between the rural and the urban, or the metropolitan and the non-metropolitan, there is enormous diversity among the less densely populated areas of the United

States. Differences can be observed in ethnic background, educational accomplishments, economic development, the natural resource base, and in social problems that are found. Beyond the fact that many social problems can be observed and documented, easy generalizations and simple prescriptions are not of great value.

3. During the past decade, state and local government has increased in importance relative to federal government activity. This is especially true for rural area initiatives. At the national level, public policy as it affects rural areas has been stagnant. Even though state and local efforts are highly variable in impact and effectiveness, numerous initiatives have been mounted. I do not believe this is likely to change.

From these general observations, some conclusions can be drawn and some conjectures can be made.

1. The economic welfare of more sparsely populated areas will continue to be dominated by the more densely populated areas. Those rural areas that will fare the best will be those that, by design or luck, adapt to, or take advantage of, or complement, urban and international developments.

2. All is not well in urban America. The cost of coping with severe congestion problems and deteriorating environmental quality is increasing for many densely populated areas. Dysfunctional communities, while not confined to the densely populated areas, tend to be concentrated there. Despite the problems associated with human population density, the highest incomes and the greatest concentrations of wealth are found in such places. Less traditional urban needs will need to be served by those rural areas that are to thrive in the future—this means goods and services other than food, fiber, and traditional rural manufacturing. Until World War II, food and fiber production were the traditional space-using industries in the less densely populated areas. Since World War II, developments in transportation and communication have permitted industry to take advantage of rural labor, and rural manufacturing has grown in importance especially since 1960.

3. There is a growing demand for those items that stem from greater affluence. I have reference to such things as tourism, outdoor recreation, retirement sites, and rural residences. Even though many retirees are people of modest means, only an affluent society can permit the elderly to have a choice as to where they will live the last years of their lives. I have mentioned here only the already apparent items for which demand is growing. No doubt there are other, less apparent, goods and services for which there will be future demand growth that will stem from the affluence of an expanding economic system.

Many consumers and producers have become more "footloose" with respect to geographic location even though development strategies are often dominated by producer considerations. But producers also consume. Social services, natural environmental quality, and community distinctiveness are important in consumption and may dictate not only where footloose consumers will choose to live, but also where footloose producers will choose to work. Thus beauty, distinctiveness, and liveability have become important components of the development strategy of many rural communities. A sense of place has been shown to have relevance in literature, geography, anthropology, and economics and must be given special attention if something such as "rural studies" is to emerge. Urbanization tends to emphasize homogeneity and inhibit distinctiveness.

4. Even though the more densely populated areas generate high incomes and the greatest concentration of wealth, they also create undesirable by-products. Waste disposal and penal institutions are obvious examples. Thus the rural areas have to contend not only with their own waste, but also with those who would use such places as a dumping ground for urban waste.

Some less densely populated areas are viewing the need to accommodate these by-products as an economic opportunity. And well they should. Those who generate the undesirable by-products should pay the associated costs. It is a challenge to take advantage of this economic opportunity without diminishing the liveability and distinctiveness of the receiving area.

5. Clearly, many rural people and institutions are adjusting to these and other changes. No doubt there will be even more evidence of such adjustments provided by the papers that will be given at this meeting. But it is not clear to me how many rural inhabitants will be affected by many of the adjustments being made. I have particular reference to those rural people who would be placed in the lower quartile if considered on the basis of income, wealth, or other measures of social well being. For example, while I believe it is desirable that the advisory committees of agricultural and forestry research and educational institutions include (say) representations of environmental interest groups, we must recognize that the constituency of such organizations typically are people of middle or higher incomes. I believe the NRSC needs evidence as to how well educational and other rural institutions are serving those rural people who have less advantages. Perhaps this meeting will produce such evidence.

These brief and superficial observations may be helpful as a background for this meeting. Its purpose is to examine how rural people, communities, and institutions have and are adapting to the enormous changes of recent decades and especially the decade of the 1980's. As has been the case for our previous meetings, we are addressing problems at two levels. First, recognized scholars from different disciplinary fields will present major papers. These scholars will give special attention to families, national policies, rural communities, institutions, labor markets, environmental attitudes and education. Second, by means of a field trip, we will examine how one community functions in an area where food and fiber production has been a traditional industry. This mixture of activities has been fruitful in previous meetings and I have no doubt but that it will serve us well here also.

Emery N. Castle, Chair
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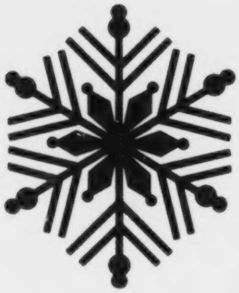
Rural Families in Transition

Joan M. Jensen*



Jessie Halsell, a rural woman from Hatch, New Mexico interviewed in 1981, recalled living in Oklahoma during the drought and depression of the 1930s. "There was no help from anybody," she said, "people did well to even take care of their own families." She and her husband were raising two small children, he a mail carrier, she a postmistress. They had a small store. They had no telephone and did not visit neighbors a mile away, did not know their desperate circumstances. One day the neighbors came over to tell them that their baby had died. They had only oatmeal to feed it and that had not been enough. "Most any of us could have helped somewhat," the woman continued, "so when you live through an experience, and you know that a little baby starved to death close to you, then you're for welfare." The one family had survived an economic transition intact, the other had failed. This incident, the tragedy of one family recalled by another, symbolizes the experiences of rural families in times of transition.[1]

This death had occurred more than fifty years earlier and yet Jessie Halsell not only remembered it, she offered it to the interviewer Beatrice Stagl. "May I tell you an incident now?" said Jessie after Beatrice had asked her what she thought about welfare. Jessie explained that she was for welfare and then offered the incident as reason for her political position. "To this day," Jessie said, "it haunts me to think that we failed. And yet we didn't fail. But it's a haunting thing."

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*New Mexico State University

And so it is, a haunting thing. I read that interview in 1983 and I remembered it, puzzled about it, and went back to look at the text again as I was thinking about families in transition. It seemed to show the complexity of what happens to rural families in transition and the response of people to those events. The young couple was undergoing difficult times as they attempted to raise a child. They were doing this in a time of severe drought and economic depression. The family failed in its effort to reproduce itself. The baby died. The neighbor, Jessie, who with her husband had successfully raised two sons, was haunted by this failure because clearly she felt responsible. Hence her contradictory statement, "We failed. And yet we didn't fail." She assumed the neighbors would have responded to the need of the individual family for support. "Most any of us could have helped somewhat." Yet they did not. Because she had experienced first hand how families could be so involved in their own survival that they did not know when another family was at risk, Jessie favored government assistance. There had been no help and there should have been. Rural families sometimes needed outside help to survive transitions.

"when you know that a little baby starved to death close to you, then you're for welfare."

Rural families are both welfare and business institutions. They are composed of members working for the welfare of all in a joint business enterprise usually based in some way on agricultural production. The goal of the rural family is to preserve the welfare of the family through changes imposed by life cycles, fate, or outside agencies. In the many transitions, some rural families fail; others succeed. Families manage to persist by developing strategies to enable them to remain on or near the land in rural areas. They hold on to the family business, reorganize their labor to produce more and consume less, depend on kin and community, and seek institutionalized outside help. In the century and a half from 1800 to 1950, rural families used all of these strategies to remain on the land. Eventually, choosing family welfare over the family business, most of them left the land and settled in urban areas.

As both a business and a welfare institution, the rural family is a complex entity. The rural family often produces for use and for the market. It organizes its labor to work in the family business and for others. It cares for its worker members who are of different sexes, ages, and skill levels, some dependent, some independent.

America's multicultural heritage adds to the complexity. Families manage themselves differently. Most rural families have been patriarchal, that is dominated by the decisions of senior males. Yet within the structure of rural patriarchy have been tremendous variations. In some Native American families, women exercised control over both land and welfare. In rural Afro-American families, women often deferred to men but exhibited considerable initiative and responsibility for both production and welfare. Some Hispanic families had an egalitarian family structure, in others the male dominated. Among Euro-American families, traditions varied. Some were cooperative, with the welfare of all family members balanced carefully, with all participating in decisions. In others, males made decisions to benefit themselves rather than the family as a whole. There were families where the welfare of some was sacrificed for the welfare of others. Some enslaved other families. Within rural families, the ability to influence decisions relative to economic and social welfare has not been evenly distributed among all family members, thus one has to study not only production and welfare but each member of the enterprise.[2]

The life cycle of individual members of the family, the farm cycle, economic changes in the ability of agricultural production to provide an adequate income, or social and political conditions can all threaten family well-being. When several factors coincide, the family is at risk of not reproducing itself. There has been no widespread famine in the rural United States, not the type of famine that still devastates rural people in other parts of the world, but rural families have suffered from economic downturns, from accidents, from diseases. While family death usually comes from natural disaster or disease, sometimes a string of personal disasters may end a family's life as a reproducing, cohesive entity.

Because of the malleability and adaptability of the rural family, most families do survive as a cohesive unit. Families compensate for the lost members somehow. Strong women and men simply carry on. Throughout most of rural history, grandparents, step-parents, siblings, and non-kin neighbor families have absorbed children left motherless or fatherless. An intact family has an even wider range of survival strategies. It may transmit farm land to other family members, migrate, or reorganize family work and consumption. Each provides a partial solution to the problem of how to survive both as a family and as a business.[3]

Intergenerational transfer of land has been a favorite way by which families have attempted to survive life cycle changes. Although many scholars have considered transmission of land as an important criterion of success for rural families, others have found that relatively few families have used this strategy successfully over a long period of time. Because of speculation and mobility, little land has stayed in one family for more than two generations. Although some immigrant families had a tradition of holding on to one specific piece of land, not until after World War II did American government policy encourage successful farmers to keep land in the family, and to form corporate farms. Landownership seems to have been a short term strategy rather than a long term goal for most families. The land was a means to an end. Even among some German immigrant families, those often considered to have strong attachment to the land, the inheritance practice was to sell the land and to divide the proceeds among family members equally.[4]

Rural families have used migration more than transmission of land to survive as viable rural entities. Family migration was the most common pattern in United States history. Under pressure from Euro-American settlers in the east, Native American families were the first group to begin the trek west in order to preserve their welfare. For most families, whether the move was west or south or north, a short distance or thousands of miles, it was undertaken with the idea that they could be more successful somewhere else. Federal policy underwrote the removal of Native American families as Euro-Americans pressed on to new land.

This migration allowed most Euro-American farm families in the nineteenth century to become and remain middling land owners and to arrange the use of their own family labor. In some western areas—such as Iowa in 1850 to 1870—a mature family with parents in their late 30s and early 40s with many children could do especially well. The earlier they arrived on the frontier and the longer they stayed, the wealthier the family became. The less successful, of course, moved on. Farm youth began as laborers, became tenants, and then owners. If the parents lived into their 60s in the Midwest, in some areas nine out of ten families could own their own farms. When young Midwest families had to remain tenants for longer periods of time to accumulate more wealth, they could still make it up the agricultural ladder.[5]

In the South, where landowning families controlled enslaved black families, a different system developed. During the early nineteenth century, a landed elite composed of white and a few black plantation families accumulated immense wealth. Many white families increased their wealth as they moved west, but the Southern landed elite profited most from moving westward. Such concentration of wealth in the hands of a few left the region less developed economically than other regions and individuals more dependent upon kin and family for support. Families on large, slave-holding plantations were able to develop and nurture complex households and, as John C. Calhoun once wrote, foster the "tie of relationship" between children and kinfolk.[6]

The Civil War destroyed almost a fifth of white southern manhood and reduced the wealth of the landed elite by destroying slavery, but the war left the landownings of the white landed elite virtually intact. The black elite seems to have had greater difficulty in maintaining its priviledged position while freed black families struggled to keep whites from indenturing their children. With the support of national officials, black families gradually reclaimed the labor of children and many women also withdrew from labor for white landholders. But most black families had to settle for wage labor and tenantry rather than control of land. The absence of capital in the postwar South gradually impoverished poorer white landowners as well. Tenantry increased in the South for black families and white and the region depended, to a far greater extent than other regions, on agricultural wage labor. In the late nineteenth century, the South became the only section of the country where large numbers of families migrated but could seldom hope to own land.[7]

Until after World War I, most migration was from rural areas to other rural areas rather than from country to city. The 1890s marked the end of an unbroken western frontier, but migration continued to other less valuable rural areas where farm people could still take up homesteads or buy low-cost land. During the early twentieth century, states like New Mexico had much land to homestead. It was difficult to farm in these marginal areas and many farm families soon had to move on; nevertheless, these homesteaded lands provided space for families to settle, if only temporarily. Selling the land gave them a stake for the next migration, whether to another rural area, or into migratory labor with periods of time in the cities.[8]

The families that had enough resources to stay in one place, or too few to move, did several other things to survive times of transition. Most importantly, the families increased production by intensifying labor or developing new services and products. This reorganization of labor and consumption—particularly in grain-growing areas—allowed family farms to survive through the nineteenth century and into the twentieth century. Through self-exploitation, farm families were able to compete with larger commercial and plantation types of farming and thus preserve an agricultural system that might not normally have survived. Low overhead, low capital investment, and high labor intensity characterized family farms. The family could reproduce its labor supply and arrange its labor.[9]

Beginning with slavery and indenture, then contracts and cash wages, labor markets continued to move women as well as men across continents to supply necessary agricultural labor for rural entrepreneurs. By the nineteenth century these systems proved less acceptable to many Americans than family-based labor systems. American farm families did not want to compete with other forms of farm labor such as slavery, indenture, contract, or even wage workers on large plantation-style farms. When slavery became unacceptable to the majority of Americans as an alternative to family labor, then a new southern tenant system based on family labor was created. It could combine the labor arrangements of a family farm with land control by wealthy white owners. There were limits to exploitation of labor for both family-owned and family-rented farms. Blacks set limits on what they would do for white owners; families set limits on what they would do to maintain family farms.

> . . . the South became the only section of the country where large numbers migrated but could seldom hope to own land.

Most Americans by the 1890s depended on family labor systems either as tenant or land owner. Migrant labor systems that increasingly provided seasonal labor were family based. In return for a cash wage, the family provided workers who were supported by their own family welfare systems.[10]

Rural families have almost always developed additional manufacturing as a survival tactic. Frequently more than one member of the farm family, but particularly women, used their flexibility of labor to add value to farm products and to intensify their labor. Traditionally, preparation of textiles and clothing and processing of foods, such as butter and cheese, provided women a way to use the farmhouse for manufacturing.[11]

Women maintained the greatest flexibility of labor because of their need to have flexibility to reproduce the family physically and culturally. They chose the productive labor that allowed the most flexiblity for themselves. Flexibility of women's labor, in turn, gave farm households flexibility. At transition times, therefore, women changed their work first. Women would experiment with new crops, animals, and products. Married farm women spent considerable time developing new or expanding old ways to make a cash income. Butter and egg production were traditional ways but women experimented with many other things on the farm, from raising song birds to raising orphan calves. If male tasks seemed less profitable and women's tasks brought success, men would take over these new tasks and women would go on to the next agricultural experiment. Exchanging a marketable surplus at the local country store provided credit to finance household purchases.[12]

Men practiced this type of intensification of labor in the early nineteenth century. Gradually, however, they came to adopt more machinery in their work. Machinery made their labor less flexible since machinery was often specific to one or a few crops. It might also represent an investment that was difficult to recover. When changing circumstances hit a whole community or region at the same time, flexibility might be reduced considerably.[13]

Rural ideology always praised the thrifty housewife. In times of transition rural women had to use frugality as well as production as a way to control the household economy. The tradition of self-sufficient subsistence—that is, producing for ones's own use and buying as little as possible—was an old tradition that increased throughout the nineteenth century as farm families accumulated tools for production. In addition to basic farming equipment, many families owned textile tools by the end of the eighteenth century. Farms replaced textile tools with buttermaking tools in the early nineteenth century. Then, when food processing technology developed in the late nineteenth century, families bought canning equipment. Farm women increased purchases of tools to reduce other purchases by producing items for use and for sale. Poorer families shared tools. In the 1920s, women in poorer areas shared pressure cookers to enable them to can much of the food that families needed.[14]

In these shifts to increased production on the farm, children provided much of the unskilled and semi-skilled labor. They could be trained to perform many tasks on demand from elders. Children became more skilled as they aged, making it easier for the parents in middle age. Gradually the sons and daughters split off, however, beginning their own families and thus needing most of their own time. When children left, it often became difficult for the parents to run their farms unless they could afford to hire young people to help them. While most American families began new nuclear farm households, there was often a period of transition during which newlyweds might live at home for some months. Parents and children negotiated specific help—sometimes acrimoniously—trading resources and labor in order to survive during these times of transition.[15]

Families practiced a type of rural triage as well. When parents needed to retain family labor, they put constraints upon some of the children. Young daughters were often expected to stay and care for older people. In turn, they were often to be cared for by other members of the family. The family decision as to who should stay and who should go was certainly a difficult one. Forego-ing marriage and family could be painful. Younger daughters and sons seemed to be particularly at risk to remain home. Daughters and sons-in-law might also be expected to provide help. Since most family health care was provided by women, this type of work fell to the daughters. Sons might be asked to continue farming at the parents' home, but because outdoor farm work was not always reserved for men, daughters also had to provide fieldwork. Parental threats kept some children at home, drove others away. Threats to leave also kept parents to their promises.[16]

Shifting the labor patterns of daughters was common in the nineteenth century. Textile production was a major occupation of young women in farm households in the eighteenth century. By the early nineteenth century, such work provided cash income in many areas, particularly New England, which produced marketable textiles. When machine spinning and weaving made homespun too costly for the market, families shifted daughters from production of textiles to production of butter and cheese, or sent them off-farm to work in the new textile factories.[17]

The technological and economic changes that altered nineteenth century agriculture often made it difficult to allocate family resources in a reasonable way. In most cases the father claimed the ultimate right to decide allocations of labor and money. As market crops developed, men tended to use more labor saving devices and to free females from field work to develop other market products.[18]

Finally, families unable to change consumption and production patterns had to go beyond thrift, to rationing basic commodities among family workers. "Making do" was an old rural custom but such rationing could become chronic and even life threatening. Clothing was the first to be rationed. An abundance of store-bought cloth everywhere by the late nineteenth century did not automatically mean American families could afford it. Providing clothing became more difficult for families when they no longer produced it. Writer Agnes Smedley, who grew up in northern Missouri at the beginning of the twentieth century, remembered not going to church because she had no appropriate clothes. Other children stayed home from school for the same reason. In New Mexico, extension agents found in the 1920s that their clothing programs were worthless because rural women could not afford to buy cloth or spend the few cents needed to purchase sewing patterns. Remodeling old clothing, which took no money at all, was far more popular. New Mexicans even established a tradition of turning worn-out male clothing into serviceable and beautiful "britches quilts." Because women frequently mention making over men's clothing for so many items, it is likely that women and children had fewer clothes. Conflicts sometimes arose over allocation of family funds for clothing. One incident in North Carolina turned violent when a husband sold three calves raised by his wife and pocketed the money which she expected to use to buy "meetin' clothes and a pair o' shoes." She met him at the kitchen door with a gallon jug in a tow sack and "just up and bashed him good."[19]

Rationing food was a last resort. Studies of height indicate that generally the Euro-American population was much better fed than Europeans in the nineteenth century but economic downturns could affect the nutrition of children. The 1840s may have been one of these periods. Children of other ethnic groups suffered more. Enslaved black children probably did not get the nourishment they needed for their growing bodies. In the late nineteenth century, food shortages among Native Americans stunted whole generations in areas of California.[20]

Getting nourishing food
was a problem for poor children . . .

Nor did the twentieth century eliminate nutritional differences among American children. They were better documented by social reformers. The case referred to at the beginning of this paper, where parents lost their child because it had only oatmeal to eat, was extreme, but malnourishment was common. A Bureau of Education study in 1914, of children in Orange County, Virginia, found 25 percent of the white and 38 percent of black children malnourished. The high number of rural children with dental problems in the 1920s probably indicated inadequate nourishment as well as lack of dental care. Popular songs, with lines like "take a tater and wait," suggest country children remembered having to eat plentiful food, such as potatoes, while adults or guests ate scarcer and better food, such as chicken. Getting food of the most nourishing kind was a problem for poor children, often because families reserved such food for working adults and expected children to get along with less. Children also had to face their peers at school with dinner pails half empty or filled with less nourishing food. The status children attached to the dinner pail often left those with less, or with low-status ethnic foods, uneasy as well as hungry at lunch time.[21]

Raising food was no assurance that families had enough to eat. Springtime in cold climates was difficult for subsistence families who could not afford to can and the first garden vegetables were not yet ready for eating. When winter stores ran low, children suffered. Unripe melons were what some Hispanic New Mexico children remember eating in the 1930s.[22]

Whenever possible family members sought outside employment in addition to intensification of labor, and reduction of purchases through changes in production or consumption. Finding and creating jobs for maturing children was an old task for rural families. Especially where children were not able to inherit land, families had to be creative in developing alternative work. Traditionally daughters and sons as well as mothers and fathers had worked for more affluent farm families. Rural families chose to send members to work seasonally and singly, to nearby towns, to rural industries, and to agricultural work.

When opportunities for local farm jobs disappeared, farm daughters and sons first sought seasonal work in the industrial towns of the Northeast. Then full time residence replaced seasonal factory work and whole families began to seek work in New England mill towns. By 1865, a town such as Lynn, Massachusetts, was attracting large numbers of rural folk from the hard pressed countryside. Young people married and stayed in town and usually only returned if the parent family had an income to supplement farming.[23]

By the second half of the nineteenth century, more and more immigrant and black farm daughters were also seeking seasonal work in small towns where they provided domestic labor. Usually, they returned to the farm for the summer season and frequently on weekends. There they assisted the family in its work, and searched for young men who wanted young women well-trained as farm workers as their wives. Women who did not wish to return to the farm, spent proportionately more time in towns or moved to larger cities and there sought urban men as partners.[24]

Younger sons for whom the family could not provide land sought jobs in rural industries as well as in towns. Work in rural industries was particularly important in areas where families had not developed commercial agriculture and had relied on production for use. The opening of mines in the West and South allowed farm sons to make good wages. Hispanic sons treked north from New Mexico to the mines of southern Colorado. Young men in Appalachia went from their subsistence farms down into the coal mines. Black rural families also sent sons into coal and iron mines.[25]

Seasonal agricultural work continued to be an attractive alternative. Local women with their children had always joined Northeastern labor markets in peak seasons where hand pickers were needed. They worked in the hop and strawberry harvests in New York. As alternative labor markets developed for rural native born Euro-American women after the Civil War, they sought these jobs less and less. Instead, urban women and children or entire immigrant families went into the fields. This was the pattern in the hop harvests in New York state. At the turn of the century immigrant families and native-born ethnic families made up the larger part of this agricultural labor market but after World War I a new pattern involving migrant families developed. Families still exported their labor but they were now more likely to migrate together over greater distances. Beet harvesters followed this pattern, first local women, then European immigrant families, and by 1920 Mexican migrant families. Farm employers often transported Mexican immigrant families to the Midwest and Northern California at harvest time and then returned them to the Mexican borderlands for the winter.[26]

Middling Euro-American farm children disappeared from seasonal harvest labor as they entered more rewarding forms of work. Middling rural families began to use land grant colleges to train sons in the 1870s. These low-cost colleges, which were accessible to most middle-class families allowed them to send sons into teaching, business, and professions such as engineering. While immigrant sons went into industry in the late nineteenth century, native-born farmers' sons moved up a notch. Young men also abandoned some occupations, such as teaching at the lower levels, to their sisters.[27]

State control over teaching credentials gradually increased the amount of education that rural daughters needed to teach school and drove rural families to support public higher education for them as well. At first, they could teach with only a grammar school or high school diploma. Then they were required to have teacher training or a college diploma. As states raised credential requirements, young women followed young men to post-secondary educational facilities, either majoring in education at land grant colleges or enrolling in special teacher training programs. The number of teaching jobs was always small and frequently limited to single women. It was a job reserved for daughters, for women who chose to remain single, and for widows. A few married farm women taught when they needed the jobs and could get them.[28]

In time of need, rural families had one other alternative to the major strategies of increasing services and production, decreasing consumption, or joining the labor market. They could seek kin and community assistance. In a system where both the successful and less successful migrated, kinship and community support systems were frequently weak or lacking. Migrants often settled together to provide support structures but international and national agricultural labor markets drew single people out of their rural families. In these new places, old kin groups could not directly provide for family welfare. If a rural family could stay in one area for several generations, it could reestablish a dense kin support system. The antebellum plantation system allowed both landed elites and their enslaved black workers to establish dense kinship networks, but westward movement disrupted them. White plantation families had the advantage of money for visits and literacy to write letters home. Black families had to nurture kinship ties through oral history. Many families simply lost touch.[29]

Churches, too, failed to provide external assistance. As farm families came and went, communities developed tiered systems to determine who was and who was not eligible for support. Religious communities appear to have offered relatively little help to the needy. Churches still expected the family, despite its frequent instability, to provide for its own. Churches offered spiritual solace but seldom physical or material support.

Ministers preached and performed rituals to accompany family life-cycle transitions—birth, marriage, death—but could not help families in need. Except for home missions, which operated primarily among Native Americans and some Hispanic communities in the West, churches did not attempt to offer health care or even recreational activities. The Catholic church developed rural schools but in the effort to retain burgeoning urban working-class parishes, it often understaffed rural parishes. Protestant churches in villages did not welcome their poorer country neighbors so the less wealthy simply went unchurched or to small, poorly financed and maintained churches. As mainstream Protestant denominations failed to meet the needs of rural folk, increasing numbers in the twentieth century sought out revivalist sects and lay preachers. Black congregations, rooted more firmly in community involvement, seemed to have fared best.[30]

Protestant churches in villages
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Neighborhoods were most likely to offer support when they were racially, ethnically, and religiously similar. Many small villages that appeared to operate as geographical communities, operated principally through other social mechanisms. The village cohesiveness in northern New Mexico, for example, was kin-based. People helped each other because they shared family ties, not because they all lived in one geographical area. Long into the twentieth century the most cohesive midwest communities ostracized people of minority racial, ethnic, and religious groups. Where large minorities existed, as in the South, but also in other areas, separate communities formed. In rural towns it became the "wrong side of the tracks;" in farm areas, "the hollow." Exclusion from the dominant culture provided the basis of community that crossed family lines and led people to offer assistance to non-kin. The dominant community frequently excluded them from existing organized and formal public assistance.[31]

Exclusion was a powerful force in making rural families—especially black families—depend on themselves. By 1860, rural white communities in the North and West were relatively equal in wealth, but even they were reluctant to redistribute wealth to the few poor through public institutionalized welfare. Southern rural blacks, who could hope for little assistance from public institutions, developed the most elaborate private welfare ethic. One young woman who grew up with her grandmother in Tuskegee, learned from her grandmother to plant a large garden every year. One third was for use, one third for canning, and one third for neighbors who needed it. Black women also provided other services for women in the community, including health and education. When this larger network of private care broke down, black rural families had difficulty surviving intact.[32]

Education, health care, and welfare were all services that white families increasingly sought from public institutions in times of transition. When family strategies did not work successfully, they looked to political structures to provide for the common welfare. Education was a means of reproducing the family socially, by training and educating members to weather transitions of various sorts. Health services assisted the family in reproducing itself physically. Welfare allowed families to stay together, to continue to organize their family labor effectively, and to provide for dependent members.

The establishment of public education for rural families was astoundingly successful in parts of the United States during the nineteenth century. Outside the South, unless they were very wealthy or very poor, rural families felt it appropriate to establish public schools. Education became a part of public policy, the responsibility of public officials.

The demand for public educational institutions became especially strong in the North after the 1820s. Part of the change may have been due to the ideology of Republican motherhood and the role of civic education in a democracy. Eighteenth century public education was primarily for young men who would inherit the political roles of their fathers as head of rural families. But after the Revolution, political commentators increasingly discussed the roles of mothers in preparing sons for public life in a republic. Eventually this ideology became translated as the need for rural daughters to receive education so that they could be good Republican mothers. Certainly the practice of migrating and the desire to assure children of alternative opportunities during economic hard times also played a great role in the popularity of public rural education. The tradition spread westward from New England and the Mid-Atlantic states.[33]

A large majority of rural daughters was already in school by 1850. In the 1850 census, when enumerators first asked families about school attendance, some rural areas showed surprisingly high numbers. In a group of rural Chester County, Pennsylvania townships, an average of 77 percent of the white daughters 5-15 were in school and below the Mason Dixon line in New Castle County, Maryland only slightly fewer, 71 percent, were in school. By 1860, while not compulsory, the level of school attendance for rural children between eight and fourteen was more than 70 percent in both the Midwest and the Northeast. In both regions, school attendance rates were approximately the same for boys and girls up to age 14. Thereafter, the attendance for girls declined.[34]

Rural black families had far less success than whites in providing public education for their children. By 1850, even in relatively egalitarian Pennsylvania, black daughters were already lagging behind the school attendance levels of white daughters. Only 50 percent of black daughters in the same Pennsylvania area cited above were in school. The most stunning difference was with black daughters across the state line in slaveholding Maryland. Only 7 percent of the daughters were in school. Farther south, white rural families often educated children at home and barred all black children from school education.[35]

Despite the establishment of a public school system in the South after the Civil War, black children remained deprived of a truly public education. What public education existed, deteriorated in the 1880s, leaving schooling of blacks and whites wildly unequal. When Tuskegee Institute began educating rural women and men to teach in rural schools in the late nineteenth century, the state paid black teachers only a small percentage of what white teachers received and provided no public funds for schoolhouses. The letters of young teachers back to Tuskegee in the first decade of the 1900s show that in many school districts they had literally to build a school system, raising money among rural black families and sometimes getting assistance from wealthy northern philanthropists to build schools. As late as 1910, over half of black schools in the southern states of Alabama and Georgia were still held in private homes, lodges, or churches. In some areas there were no private or public schools for black children. During the same time, in places such as Wisconsin, local and state taxes paid for teacher's salaries, schoolhouses, equipment, and sometimes even textbooks.[36]

Those differing historical patterns applied to high school education as well. In the early twentieth century, the North, whether East, Midwest, or West, gradually built an effective high school system for all rural as well as urban students. Despite a large rural population, states such as Minnesota (which was still fifty percent rural in 1940), provided a well-funded rural school system. Today the dropout rate of students in Minnesota is the lowest in the country and dropout rates in Alabama among the highest. Those rates reflect two very different educational heritages.[37]

Rural black families had to battle an unequal educational system even when subsidized by the federal government in the land grant college system. The black land grant colleges of the 1890s were established primarily by southern states in order to be eligible to receive federal funds for segregated white land grant colleges. While other land grant colleges received funds for experiment stations, research, and extension service, these colleges received almost none. Land grant colleges elsewhere underserviced or ignored other racial ethnic minorities, such as Hispanics.[38]

Minorities and white women remained the most dependent on private higher education. Even the Chautauqua system, which for many years provided a private adult education program, functioned mainly in the Northeast and Midwest. Rural women obtained highly valued degrees through Chautauqua correspondence courses. Still, many remained without access to any type of education beyond the age of 14.[39]

While rural education became public in the nineteenth century, most rural health care remained private long into the twentieth century. Rural health care had long been considered a family responsibility. What the family could not provide, it paid for. A diverse group of health providers cared for the rural family in the early nineteenth century. Doctors, midwives, and neighbor nurses accepted whatever rural families could pay in coin and kind. Because university-trained doctors preferred practicing in urban areas, rural folk depended on rural women for their health care needs, especially in frontier areas and among immigrant groups. Lucille Baneske remembered that in late nineteenth century Wisconsin, when the nearest doctor was nine miles away, her Grandma Schlais took care of most family healthcare. When Grandma Schlais' son slipped and cut himself badly with an ax, she stitched him up on the kitchen table.[40]

> . . .the state paid black teachers
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> of what white teachers received . . .

Except for such anecdotes, most of the history of rural health care in the nineteenth century remains to be studied. Quantitative studies that have begun to look at death rates for Euro-American women and children at mid-nineteenth century find no strong correlation between high mortality rates and migration or poverty. But the very frontier areas that brought such wealth to nineteenth century families could also bring high death rates for women and young children. Lack of health care, combined with new disease environments, contaminated water supplies, and crowded houses may have put these frontier women and children most at risk. In the South, women suffered from malaria. The presence of older children, who survived diseases but could spread them, put younger siblings at risk. Even more at risk were enslaved black children, who died at double the rate of free population children, a situation scholars think may be due to inadequate child care on plantations.[41]

For the twentieth century, we have much more detailed records because the federal government began to investigate health care in rural areas. Our best records come from dozens of studies conducted by the Children's Bureau in rural areas after its establishment in 1913. In those days, there was a sense by many reformers that once the public had the information relating to conditions, it would somehow take responsibility for families. Thus most of the meagre resources of the Bureau were spent on hiring social workers to conduct careful research on infant and maternal mortality rates in specially selected areas. At this most basic level of family transition, the successful birthing of children and their survival of the first year, these studies found some significant facts about rural families. Certain conditions put these families at risk of failing in this basic human function. In areas where there was extreme poverty, despite care and concern, families simply could not provide adequately for their children.[42]

Children's Bureau workers expected hard field labor by women and midwife-assisted births to account for high infant mortality rates. They found just the opposite. After carefully checking records to make sure that they had a complete record of births—not all births were being registered in the county court houses at the time—researchers began to interview health care workers and families. They found that women in many areas of Marathon County, Wisconsin, still used midwives and that the health care record of most was very good. In Iowa County, Wisconsin, where there were no midwives and women did much less field work, the mortality rates were much higher.[43]

In many areas, families still relied upon midwives and women country doctors for health care. While many of these women were skilled, many were older women and there was little formal training available to them. Increasingly, the states restricted their practice. Some states restricted medical practice to trained medical doctors to improve the health care. Instead, restrictions simply deprived many poorer rural families of any health care. Rural families found doctors reluctant to answer calls for medical assistance unless assured of payment, and unwilling to answer any rural calls after 8 p.m. Doctors also seemed indifferent to attempts by reformers to provide alternative health care. In a few cases, such as Iowa County, Wisconsin, reformers even concluded that doctors themselves were responsible for high rural infant and maternal mortality rates. The findings of the Children's Bureau studies became the basis of the program to train rural midwives in the early 1920s. While detailed studies have yet to be completed on these programs, they were apparently very popular and successful.[44]

Even before 1920, reformers had lobbied for improved rural public health care. Women's groups, especially, worked for rural county nurses and state supported clinics, then demanded that schools hire nurses, and helped institute hot lunch programs to give school-age children nutritious meals when families could not provide them. But efforts to establish free clinics, dispensaries, and even rural nurses, met resistance in many parts of the country. The Rockefeller Commission abandoned a campaign in the South to eradicate hookworm, and left the health of children primarily to local officials who decided to use schools as the primary agency of rural health care. Earlier plans to use schools as public health centers had to be scaled back, sometimes because politicians manipulated rural fear of exploitation by outsiders. Nurses and teachers eventually divided up rural care of children. No comprehensive health care for rural families evolved from these early twentieth century reforms.[45]

The patchwork of federal, state, local, and private health care helped many rural families during the 1920s, but it also left many gaps. To a great extent, families were on their own when health problems arose. They were accustomed to suffering through illness with inadequate health care. Reformers did integrate programs of rural social welfare into the New Deal. Federal local health care insurance plans reached an estimated 600,000 people in rural counties, the Farm Security Administration created six health programs in the rural South, and established an experimental health cooperative in Taos, New Mexico. New Deal reformers met increasing opposition from Congressmen concerned about costs of social welfare programs. Federally sponsored health care declined after 1942, just as the war effort led to shortages of trained medical personnel. Following World War II, most government agencies and workers advised rural families to move to urban areas and not to struggle with rural poverty and inadequate health care facilities. Rather than help families deal with household or marketplace transitions in their home areas, the policy became one of removal, not forced as it had been in the nineteenth century with Indian tribes, but removal nonetheless. The successful could take care of themselves and stay; the less successful could become urban problems.[46]

Beyond education and health lay the broader area of overall welfare for rural families. From colonial times there had been the county poorhouse, the symbol of defeat for most working poor. By the nineteenth century these poorhouses cared for a heterogeneous clientele of physically and mentally disabled, unemployed, and orphaned. States gradually developed specialized institutions, removing mentally disabled to special state asylums. Still many rural poor remained in county poorhouses as these multi-purpose institutions became overcrowded, understaffed, and ignored by wealthier neighbors. Towns paid benefits for a few of the "worthy" poor but many families chose to care for physically and mentally handicapped rather than trusting to inadequate public care.[47]

As states expanded and segmented their care, children received special attention. Children from failed families often ended up at separate schools. Sparta School in Wisconsin was in some ways typical. There the practice of indenture, used in the early nineteenth century as a way to place orphaned and destitute children in homes, lived on in a grim twentieth century version. Children taken from homes judged inadequate for their care by state officials, were placed by the courts at the Sparta school, sent out to work on farms, then put out for adoption. Legally, the state claimed the original judicial determination was sufficient for all three procedures and families did not have to be notified when their children were put up for adoption. The practice was halted only when a family brought suit in the 1920s. The Governor of Wisconsin intervened to halt publication of a Children's Bureau study of the Sparta School, objecting in a letter to the Children's Bureau that social workers worked with the families of dependent and neglected children. That, he wrote was "community duty rather than the duty of any special group, self-constituted or otherwise constituted."[48]

Yet social workers were aware that communities were not providing alternative care. State policy favored keeping children out of institutions and with their families by providing support for dependent care. Such local care necessitated a state system of social welfare that could reach communities and families. Wisconsin had legislated aid to dependent children in their homes in 1913, but as late as the 1920s, lack of enforcement and state support led to uneven care and sometimes none at all.[49]

In addition to the mentally disabled and children, many states also moved to provide institutions for deviant adolescents in the late nineteenth and early twentieth century. Large numbers of unwed mothers came from rural areas—and communities were unable to develop policies to support these women. Fathers could avoid child support easily, even in small rural towns, and Euro-American families frequently ostracized families of unwed mothers, forcing daughters to flee to urban areas. Urban institutions also provided for young rural women accused of deviant social practices. To use Wisconsin as a case study again, most of these young women appear to have come from failed families with one or both parents gone and relatively little family welfare available to them.[50]

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. . . lived on in a grim
twentieth century version.

Through all these strategies, rural families survived to reproduce and train another generation. Because of class, region, ethnicity, or domestic relations many families managed to flourish. Winners had the resources to weather all hardships and make the necessary transitions. In one sense, however, rural families, unless they came from antebellum Southern plantation elites, or recent rural corporate elites, have never been winners in this society. Power and wealth has always tended to accumulate in the cities. By 1860, rural Euro-American families in the North and West already had a much more common economic status than urban families. The wealthiest tended to live in cities. Rural differences then tended to be mainly ethnic ones. Euro-Americans, who had access to relatively greater wealth, witheld it from those people of color who needed help, and provided it reluctantly to those from their own group who somehow failed.

Notes

[1] Jessie Halsell Interview by Beatrice Stagl, 1981, in "Voices of American Homemakers," *National Extension Homemakers Council Oral History Project*, Vol. III, p. 23.

[2] Much of the new feminist analysis has been concerned with women's subordination and their agency within families but there is still relatively little about rural women. For Native Americans, see Joan M. Jensen, "Native American Women and Agriculture: A Seneca Case Study," *Sex Roles: A Journal of Research* 3(1977):423-441. For black women see Demitri B. Shimkin, Gloria Jean Louis, and Dennis A. Frate, "The Black Extended Family: A Basic Rural Institution and a Mechanism of Urban Adaptation," in Demitri D. Shimkin and Dennis A. Frate, *The Extended Family in Black Society* (The Hague: Mouton, 1978), pp. 25-147.

[3] Arlene Scadron, ed., *On Their Own: Widows and Widowhood in the American Southwest*, 1849-1939 (Urbana and Chicago: University of Illinois Press, 1988), is one of the few studies of how women survive. I know of no comparable studies of men or children.

[4] Mark Friedberger, *Farm Families & Change in the Twentieth-Century America* (Lexington, Kentucky: University Press of Kentucky, 1988), pp. 128-130.

[5] David W. Galenson and Clayne L. Pope, "Economic and Geographic Mobility on the Farming Frontier: Evidence from Appanoose County, Iowa, 1850-1870," *Journal of Economic History* XLIX, no.3 (Sept. 1989): 635-655; and Jeremy Atack, "The Agricultural Ladder Revisited: A New Look at an Old Question with Some Data for 1860," *Agricultural History* 63, no. 1 (Winter 1989):1-25.

[6] Steven Hahn, "Class and State in Postemancipation Societies: Southern Planters in Comparative Perspective," *American Historical Review* 95, no. 1 (Feb. 1990):75-98; Loren Schweninger, "Prosperous Blacks in the South, 1790-1880," *American Historical Review* 95, no. 1 (Feb. 1990):31-56.

[7] Maris A. Vinovskis, "Have Social Historians Lost the Civil War? Some Preliminary Demographic Speculations," *Journal of American History* 76, no. 1 (June 1989): 34-58; James R. Irwin, "Farmers and Laborers: A Note on Black Occupations in the Postbellum South," *Agricultural History* 64, no. 1 (Winter 1990):53-60; Roger Ransom and Richard Sutch, "Capitalists Without Capital: the Burden of Slavery and the Impact of Emancipation," *Agricultural History* 62, no. 3 (1988):133-160.

[8] Joan M. Jensen, "Farm women in New Mexico, 1900-1940," in Robert Kern, ed., *Labor in New Mexico: Strikes, Unions, and Social History Since 1881* (Albuquerque: University of New Mexico Press, 1983), pp. 61-81.

[9] See especially Harriet Friedmann, "Patriarchal Commodity Production," *Social Analysis*, No. 20 (Dec. 1986):47-55 and her "Family Enterprises in Agriculture: Structural Limits and Political Possibilities," in G. Cox, P. Lowe, and M. Winter, eds., *Agriculture: People and Policies* (London: Allen and Unwin, 1986), pp. 41-60.

[10] Jacqueline Jones, *Labor of Love, Labor of Sorrow: Black Women, Work, and the Family from Slavery to the Present* (New York: Basic Books, 1985), pp. 44-78.

[11] Joan M. Jensen, "Butter-Making in Mid-Atlantic America from 1750-1850," *Signs* 13, no. 4 (Summer 1988):813-829; Deborah Fink and Dorothy Schwieder, "Iowa Farm Women in the 1930s: A Reassessment," *Annals of Iowa* 49, no.7 (Winter 1989): 570.

[12] Joan M. Jensen, "Cloth, Butter and Boarders: Women's Household Production for the Market," *The Review of Radical Political Economics* 12 (Summer 1980):14-24.

[13] Winifred B. Rothenberg, "The Emergence of Farm Labor Markets and the Transformation of the Rural Economy: Massachusetts, 1750-1855," *Journal of Economic History* XLVIII, no. 3 (Sept. 1988): 537-566.

[14] For the early transition see Joan M. Jensen, *Loosening the Bonds: Mid-Atlantic Farm Women, 1750-1850* (New Haven and London: Yale University Press, 1986), pp. 87-88. For food processing see Joan M. Jensen, "Canning Comes to New Mexico: Women and the Agricultural Extension Service, 1914-1919," and " 'I've Worked, I'm Not Afraid to Work,' Farm Women in New Mexico, 1920-1940," in Joan M. Jensen and Darlis A. Miller, eds., *New Mexico Women: Intercultural Perspectives* (Albuquerque: University of New Mexico Press, 1986), pp. 201-256.

[15] A good example of stress is in Laurel Thatcher Ulrich, *A Midwife's Tale: the Life of Martha Ballard, Based on her Diary, 1785-1812* (New York: Knopf, 1990), pp. 262-285.

[16] Hints of this are scattered throughout rural literature.

[17] See Jensen, "Cloth, Butter, and Boarders," and Ulrich, *A Midwife's Tale*.

[18] Jensen, *Loosening the Bonds*, pp. 46-48.

[19] Joan M. Jensen, *With These Hands: Women Working on the Land* (Old Westbury: Feminist Press, 1981), pp. 183-184.

[20] Robert A. Margo and Richard H. Steckel, "Heights of Native-Born Whites During the Antebellum Period," *Journal of Economic History* 43 (March 1983):167-74; John Komlos, "The Height and Weight of West Point Cadets: Dietary Change in Antebellum America," *Journal of Economic History* 47 (Dec. 1987):897-921; Richard H. Steckel, "The Health and Mortality of Women and Children, 1850-1860," *Journal of Economic History* XLVIII, no. 2 (June 1988): 333-345; and Sherburne F. Cook, *The Population of the California Indians, 1769-1970* (Berkeley: University of California Press, 1976), 94. The generation born between 1900 and 1910 had better health conditions and grew taller.

[21] William A. Link, "Privies, Progressivism, and Public Schools: Health Reform and Education in the Rural South, 1909-1920," *Journal of Southern History* LIV, no. 4 (Nov. 1988):628.

[22] Jensen, "I've Worked, I'm Not Afraid to Work," describes the Depression in New Mexico.

[23] Thomas Dublin, "Rural-Urban Migrants in Industrial New England: The Case of Lynn, Massachusetts, in the Mid-Nineteenth Century," *Journal of American History* 73, no. 3 (Dec. 1986): 623-644.

[24] Carole Marks, *Farewell—We're Good and Gone: The Great Black Migration* (Bloomington and Indianapolis: Indiana University Press, 1989), pp. 45-48. My research on Wisconsin women is also showing this pattern. Willa Cather described the immigrant worker in Nebraska in her novels.

[25] Sarah Deutsch, *No Separate Refuge: Culture, Class, and Gender on an Anglo-Hispanic Frontier in the American Southwest, 1880-1940* (New York: Oxford, 1987), pp. 87-106; Mary Beth Pudup, "The Limits of Subsistence: Agriculture and Industry in Central Appalachia," *Agricultural History* 64, no. 1 (Winter 1990):61-89; and Marks, *Farewell—We're Good and Gone*, p. 34.

[26] Joan M. Jensen and Sue Armitage, "Women in the Hop Harvest: From New York to Washington," in Hugh Lovin, ed., *Labor in the West* (Manhattan, Kansas: Sunflower University Press, 1987), pp. 73-80; Dennis Nodin Valdes, "Betabeleros: The Formation of an Agricultural Proletariat in the Midwest, 1897-1930," *Labor History* 30, no. 4 (Fall 1989):536-562; and Rosalinda M. Gonzalez, "Chicanas and Mexican Immigrant Families 1920-1940: Women's Subordination and Family Exploitation," in Lois Scharf and Joan M. Jensen, eds., *Decades of Discontent: The Women's Movement, 1920-1940* (Westport: Greenwood, 1983), pp. 59-84.

[27] Gavin Wright, "American Agriculture and the Labor Market: What Happened to Proletarianization?" *Agricultural History* 62, no. 3 (1988):201.

[28] The percentage of women teachers varied depending on the labor market and type of farm production. It was higher in the plains than the prairie states and higher also in the northeast by the 1870s. See Glenda Riley, *The Female Frontier: A Comparative View of Women on the Prairie and the Plains* (Lawrence: University Press of Kansas, 1988), pp. 104, 122.

[29] The question of kinship is very complex. For one black family and five generations see Joan M. Jensen, "Rise Up Like Wheat: Plantation Women in Maryland," in *Promise to the Land: Essays on Rural Women* (Albuquerque: University of New Mexico Press, in press).

[30] James H. Madison, "Reformers and the Rural Church, 1900-1950," *Journal of American History* 73, no. 3 (Dec. 1986):645-668.

[31] Joan M. Jensen, *Passage from India: Asian Indians in North America* (New Haven and London: Yale University Press, 1988), pp. 42-56 studies expulsions from rural towns though many found work in isolated farming areas where their labor was welcomed. Exclusion is best studied for rural Asian immigrants but seems to have been practiced widely, if less openly, in many communities.

[32] Frances Mary Albrier, "Determined Advocate for Racial Equality," (An Oral history conducted in 1977-1978, Regional Oral History Office, University of California, Berkeley, 1979), 35; Jeremy Atack and Fred Bateman, *To Their Own Soil: Agriculture in the Antebellum North* (Ames: Iowa State University Press, 1987), pp. 90-95 discusses race as a factor of income.

[33] Jensen, *Loosening the Bonds*, pp. 167-183.

[34] Ibid., p. 226; Atack and Bateman, *To Their Own Soil*, p. 47.

[35] Jensen, *Loosening the Bonds*, p. 226.

[36] Ronald E. Butchart, "Outthinking and Outflanking the Owners of the World: A Historiography of the African American Struggle for Education," *History of Education Quarterly* 28, no. 3 (Fall 1988): 340. For Tuskegee see their school newsletter *The Southern Letter* for the early 1900s. Carole Marks, *Farewell—We're Good and Gone*, p. 76; and Cynthia Neverdon-Morton, *Afro-American Women of the South and the Advancement of the Race*, 1895-1925, (Knoxville, Tennessee: University of Tennessee Press, 1989), pp. 78-103.

[37] The Children's Defense Fund, *Children 1990: A Report Card, Briefing Book and Action Primer* (Washington, D.C., 1990) estimated that 552,000 students dropped out during the 1987-88 school year.

[38] Thomas T. Williams and Handy Williamson, Jr., "Teaching, Research, and Extension Programs at Historically Black (1890) Land-Grant Institutions," *Agricultural History* 62, no. 2 (1988): 244-257; Allen W. Jones, "The Role of Tuskegee in the Education of Black Farmers," *Journal of Negro History* 60 (April 1975): 252-67; and Joan M. Jensen, "Crossing Ethnic Barriers in the Southwest: Women's Agricultural Extension Education, 1914-1940," *Agricultural History* 60 (Spring 1986):168-180.

[39] *Neverdon-Morton, Afro-American Women of the South*, p. 78.

[40] Ulrich, *A Midwife's Tale*, is a detailed medical record for a rural Maine area; Jensen, *Loosening the Bonds*, pp. 30-34, discusses rural health between 1804 and 1812; Lucille Boneske, "Grandma Schlais," *Rib Mountain Echoes*, 3 vols. (Wausau: Wausau Writers Club, 1967), II, 129.

[41] Steckel, "The Health and Mortality of Women and Children," 338; and his "A Dreadful Childhood: the Excess Mortality of American Slaves," *Social Science History* 10 (Winter 1986):427-65.

[42] *Child Care in Rural America* (New York: Arno, 1972).

[43] Florence Brown Sherbon and Elizabeth Moore, *Maternity and Infant Care in Two Rural Counties in Wisconsin* (Washington, D.C.: GPO, 1919).

[44] Various correspondence is in Files 4-11-3-12 and 4-11-3-5 in National Archives, Record Group 102, Children's Bureau.

[45] Link, "Privies, Progressivism, and Public Schools," 622-642.

[46] Milton I. Roemer, *Rural Health Care* (St. Louis: Mosby, 1976), p. 10. For Taos see File 8-C-81, National Archives, Record Group 96, Farm Security Administration.

[47] Jensen, *Loosening the Bonds*, pp. 57-76. Vinovskis, "Have Social Historians Lost the Civil War?" 52, 55-56, argues that an overlooked source of federal assistance in the late nineteenth century may have gone to widows and children of Civil War soldiers. This would have been particularly important from 1866 to 1890.

[48] John Blaine, Governor, Wisconsin, to Grace Abbott, Chief, Children's Bureau, March 5, 1924, File 20-67-8, National Archives, Record Group 102.

[49] Joan M. Jensen, "On Their Own: Women on the Wisconsin Frontier," in *Promise to the Land: Essays on Rural Women*.

[50] Ibid.

Dilemmas Confronting Rural Policies in the U.S.

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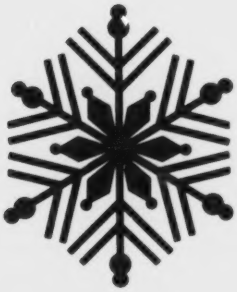

Rural America's economic and social ills have recently received more attention from the national media than they have since the 1960s' War on Poverty. To be sure, George Bush has yet to hunker down like Lyndon Johnson on the porch of an impoverished Appalachian family for a photo session. Nonetheless, most of the mass media have carried stories of a rural hinterland where quality of life is falling further behind the metropolitan suburbs. Unlike the concern for rural and urban poverty a quarter century ago, there has not been a corresponding effort to ameliorate current social problems via massive federal programs. Certainly there has been some rhetoric concerning a comprehensive rural development policy, but action has fallen well short of words.

Perhaps this is due to a careful reading of the past, though serious evaluations of the Office of Economic Opportunity programs are few and very specific. It is much more likely that the absence of serious proposals for a comprehensive rural development effort is due to a constellation of competing perspectives toward economic development, misperceptions of rural America, the usual difficulties of coordinating myriad grass roots organizations, and very different public assumptions about the role of government.

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Rural public policy analysts have identified economic and social rationales for a comprehensive development policy. Such a policy will require action by the federal government, the states, and local entities. For a comprehensive rural development policy to emerge, many barriers will have to be addressed, including the two which are addressed here.

First, there is an absence of consensus concerning how economic development occurs and the role of the State at all levels of government. In this context, the three dominant perspectives of economic development are very briefly discussed. The second issue includes less abstract problems for the practical development of a comprehensive rural development program. These two dimensions are highly associated with one another. In tandem, they pose some serious but not necessarily insurmountable obstacles for rural development. Three shifts appear to be occurring in the way rural development policy programs are targeted, and these are identified in my conclusion.

Dominant Strategies for Economic Development

Three general perspectives of the State in economic development have held sway at various times this century. Eisinger (1988) has identified two of these: (1) supply-side assumptions whereby the State, through various tax incentives and physical infrastructure investments, attempts to improve local comparative advantage; and (2) demand-side assumptions, in which the State acts as an entrepreneur, or what Eisinger (1988) refers to as the entrepreneurial State. This occurs when government, by aggressive marketing or incubation of local economic initiatives, enters into a partnership with the private sector. The third strategy requires investing in the wide array of services that enhance human resources (also referred to in the literature as human capital). None of these models places great emphasis on what Coleman refers to as social capital, and elsewhere referred to as the social interaction dimension of social infrastructure.

Each of these perspectives has not only influenced past programs, but continues to influence the current rural development dialogue. Moreover, individual rural development specialists, pundits, or politicians are likely to embrace any of the three, depending upon the specific issues involved. This makes it difficult to tease out the dominant assumptions guiding rural development policy. The influence of each perspective as a development strategy has peaked and ebbed over the years. Most recently, the supply-side perspective was dominant. Presently, however, both the demand-side and human resource development strategies appear to be ascendent, but by no means are either currently dominant.

The Supply-side Perspective

Eisinger (1988:73) has succinctly described the primary assumptions of this perspective as:

> the idea that private business possesses a special claim to efficiency, effectiveness, and vision, though it must be induced by government to exercise these in the public interest. . . [and] . . . that it is optimally efficient for the private sector, acting without government direction or constraint, to allocate resources functionally and geographically.

Unsurprisingly, advocates of this perspective argue that "competition in the marketplace is a valid testing and winnowing process for firms and entrepreneurs which will in the long run *produce economic growth* (Eisinger, 1988:73-75 emphasis added)." Eisinger could have added that competition is also viewed as a valid winnowing process for rural communities as well. The bottom line of supply-side development strategy is that competition should be left unfettered by government intervention and regulation.

This perspective assumes that the public sector does not have a powerful incentive like profits are for the private sector. Therefore, public economic policy is to "induce and guide private performance in the public interest by making it profitable (Eisinger, 1988:74)." The proper role of any national economic development plan is to facilitate the productive and efficient interests of the private sector. Or, put less abstractly, what is good for business is good for society and the economy. During the Reagan administration, supply-side economics guided federal economic policy. But such assumptions are not limited to the President's Council of Economic Advisors. Kentucky's current governor, Wallace Wilkinson, a Democrat, has had supply-side economic assumptions as the cornerstone of his economic development campaign. A visible reminder of this are the state welcome signs with a smaller sign dangling below that reads "open for business." The political roots of this development strategy run deep in Kentucky's economic history.

. . . public education was a deliberate economic development strategy to supply the burgeoning manufacturing economy with skilled managers, technicians, and workers.

Since World War II, many of the local and state rural development programs have emphasized subsidized interest rates, accepted lower wages, expanded local tax exemptions (including sales tax exemptions for the purchase of production machinery), and provided other types of assistance that reduced the capital costs of the private sector. Those communities that are able to supply the best package for reducing a firm's factor costs, get the bid.

The benefits for rural development are said to occur by improving the comparative location advantage of a community or region (Eisinger, 1988). In rural areas this type of development strategy has promoted smokestack chasing by pushing communities to bid against one another for firms. The primary beneficiaries have tended to be the firms, not the communities. A comprehensive rural development strategy that involves anything more than assistance to the private sector would be considered interference, because such a strategy has been perceived as putting government resources in direct competition with the private sector. This type of development model places most of the risk-taking on the backs of various levels of government, while making reduction of risk for the private sector a primary incentive for generating economic expansion.

The Demand-Side Perspective

The demand-side perspective asserts that the State has an entrepreneurial role in economic development. Operating from the principles of export base theory this perspective assumes that "a local (or regional or national) economy will grow in response to increases in exogenous demand for the output of any resident sector" (Eisinger, 1988:230). Eisinger (1988:231) goes on to say "that the key to growth and development lies first in understanding the structure and dynamics of the market as a prelude to its exploitation." In other words, the State assesses what the market opportunities are and then develops an economic strategy that articulates with the market. Emphasis is given to expanding markets. Emphasis is on joint-risk taking by the government and private sector. This may take the form of joint ventures or of establishing performance expectations for the private sector beneficiaries.

An ancillary assumption, similar to the supply-side perspective, is that local economic growth will produce a local multiplier effect that spreads through the community. Eisinger (1988) identifies at least three ways a demand-side program could stimulate economic development: venture capital, high-technology, and foreign export. In each case the State, whether the state governments or the federal government, underwrites the initial capital required.

The State can correct some capital market imperfections, such as the often short supply of venture capital for rural development. The revolving loan fund for rural areas that is under consideration by Congress represents demand-side development legislation (see Freshwater, 1990). High-technology also poses problems for rural areas, especially in the area of telecommunications where there are serious technical and social infrastructure barriers to its effective use in rural development (see Parker, et al. 1989; Swanson, 1990). The concern for developing national and international markets for local producers has gained momentum in recent years. Recently twelve centers for export development were established at Land Grant Universities for this purpose.

It is expected that demand-side development strategies would tap the considerable capital and law-making capacity of the State. The State is expected to act, rather than remain passive or simply facilitate profit maximization of the private sector.

Much of this activity appears to be aimed at small business expansion. Demand-side programs of the past include the Tennessee Valley Authority and the Rural Electrification Administration of the New Deal that opened rural markets for urban- produced goods (refrigerators, washing machines, milking machines, etc.) and facilitated the development of export-based industries (though most also consumed a great deal of electricity). A more current example is the development of small business incubators.

In fact it could be argued that this type of activity is an example of combining demand-side perspectives with a small dose of supply-side assumptions.

Both the supply-side and demand-side models see the State's role as facilitating economic development by stimulating private sector expansion. Consequently, both assume that the State, whether at the federal, state, or local level, has the capacity to sponsor such efforts. This is increasingly problematic the smaller or more marginal the resources of the government unit. Therefore, while demand-side programs intuitively sound more fair and rational than supply-side programs, the success of such programs still rests on the development capacity of local and state governments. Those governments that have not benefited from past national economic expansion are not likely to have the resources necessary to implement demand-side strategies.

Development of Human Resources

The third general economic development paradigm is the most widely accepted as a necessary, but not sufficient, condition, however, there is serious disagreement as to both the amount of investment and the quality of the service necessary. The two most notable dimensions of human resource development are education and health services.

The advent of public education in the 19th century was a deliberate economic development strategy to supply the burgeoning manufacturing economy with skilled managers, technicians, and workers. The establishment of the Land Grant Universities in 1862 was expected to enhance the productivity of both agriculture and manufacturing. The development of a public health care system also emerged at this time. Both educational and health reform were thought of as necessary for a labor force required to be competitive in the world economy.

> . . . in the 1920s most rural Americans worked as their own boss to some extent. Today, most rural Americans work for someone else . . .

The issue today is not whether education and health care are important for economic growth, but the amount of public resources necessary. Since World War II, the technological revolutions in communications, chemistry, and robotics have greatly increased the amount of education necessary for even unskilled jobs. These technological changes in the workplace and marketplace have put increasingly higher premiums on a skilled and flexible workforce.

Both education and health care are expensive public services. Moreover, their direct contribution to economic development is not always apparent, with most of their benefits accruing over a lifetime.

Responsibility for paying these expenses varies greatly. The federal government tends to provide meager support for education—much of its expenditure goes to the school lunch programs. During the 1986-87 school year, on average, local governments contributed 44.1 percent of public schools revenues, the states 49.6 percent, and the federal government only 6.3 percent (Ilvento, 1990). Education, then, continues to be the responsibility of the state and local governments.

The Absence of a Consensus

The absence of consensus about economic development among the public, policy makers, and business interests has thwarted movement toward a comprehensive rural development program. The seeming polarization of fundamental assumptions makes compromise difficult, so that often "muddling through" becomes the policy of choice. Certainly there is some room for compromise. Both the supply-side and demand-side perspectives agree that human resource development and maintenance is a necessary, even a fixed condition for rural development. Moreover, there are possibilities for linking supply-side and demand-side perspectives (see Eisinger, 1988). But the norm seems to be for adherents of the three perspectives to work toward their specific goals, and at odds with one another. While Eisinger leaves untouched the role of values and social class, it seems reasonable to assume that such factors tend to differentiate among the adherents to each of these perspectives.

Immediate Barriers to Rural Development

There are at least six immediate barriers to rural development (Swanson, 1989).

These are: 1) flawed views of rural America; 2) serious limitations to existing social and economic data on rural areas; 3) the treatment of rural areas as a geographical entity unconnected to the larger U.S. economy and society; 4) a perception that many rural problems do not have viable political solutions; 5) the absence of a unified rural constituency and the presence of formidable opposition to renovated and new rural development programs; and 6) state and federal fiscal crises. Each will be briefly discussed below.[1]

Flawed Views of Rural America

There are several flawed views of rural America, but one stands out as having been a significant barrier to policy reform. This is the association of rural areas with agriculture in general and family farming in particular. While such a perception was possibly valid for the decades prior to World War II, it is misleading today. This perception is inconsistent with the great social class transformation that has swept through rural areas in the intervening fifty years.

As we enter the 1990s, America's agricultural hinterlands are best described as having a dual farm structure (Office of Technology Assessment, 1986). It is estimated that 15 percent of the nation's largest farms produce close to 85 percent of all wealth created in agriculture. Conversely, the remaining 85 percent of the farms account for only 15 percent of the wealth produced. This dual farm structure is the consequence of the national trend toward fewer but larger farm operations.

While farming has undergone a major restructuring, so too has the rural non-farm economy. Most job-holders work in manufacturing, service industries, and government (primarily local schools), and not in the traditional extractive industries. In the 1920s it can be argued empirically that most rural Americans worked as their own boss to some extent. Today, most rural Americans work for someone else, though these jobs are often located in relatively small-scale firms. This represents a major transformation from an employment structure dominated to some degree by an owner-operator status to one dominated by wage and salary labor.

> A quick examination of rural problems reveals a remarkable similarity with those of the inner cities. Both populations are being left behind. . .

With this great class transformation have come new needs for rural development policy. Old assumptions that farm policy, particularly economic policy aimed at enhancing farm incomes via higher farm prices, rightfully constitutes the emphasis for rural development policy no longer fit the new realities of rural America. Several pieces of evidence underscore the need for these traditional assumptions to be discarded.

First, the 617 counties that currently are classified as agriculturally dependent account for less than 7 percent of all rural people. Second, most of the direct payments to farmers do not percolate through local economies. Such payments go disproportionately to the largest farms (that do not purchase most of their inputs locally) and to the payment of farm debt held by nonlocal financial institutions. Moreover, commercial farmers now represent the more wealthy segments of rural societies since they at least own land (which is not to say that farmers are wealthy as a group).

The flawed view, then, is to continue to assume that the rural development problem is a farm problem. Certainly, many of the 85 percent of U.S. farms that produce only a small proportion of the wealth need assistance. Most of these farms depend upon off-farm employment to enhance net family income. But manufacturing and service industry employees also need assistance, and their numbers are far greater. Given the off-farm employment of so many, an argument can now be made for rural development as one dimension of a small or family farm policy.

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[1] Much of this presentation is based upon an article that appeared in the Summer, 1989 issue of *Resources* published by Resources for the Future.

Limited Data Base

An inadequate data base on rural social organization and well-being also hinders efforts to develop a comprehensive rural development policy. Rural social scientists continuously decry the inadequacy of data on rural well-being. There is a considerable knowledge gap about both the specific conditions of rural people and the effectiveness of past government programs for rural areas.

We know little about how communities act to promote their economic and social well-being. This gap occurs for several reasons, two of which can be addressed.

First, the federal government has greatly reduced the type, amount, and timeliness of socioeconomic data during the past decade. Second, the decline in community case studies appears to have occurred at the same time as the rise of computer technology, statistical software, and efficient individual survey techniques. However, the quality of rural community social interaction cannot be easily quantified nor generalized by utilizing such techniques. Furthermore, case studies tend to be expensive and time consuming relative to the number of academic products that might result. This type of community methodology is, therefore, less attractive to rural social scientists in the competitive world of academe.

The knowledge gap concerning rural community life has not significantly narrowed since the classic community case studies of the 1930-1950 period were conducted. It is paradoxical that during the 1980s—when federal policy was shifting toward decentralized planning and toward greater participation by state and local governments—research on the ability of local societies to act on their own behalf to promote economic development was virtually eliminated by Land Grant colleges of agriculture.

Rural Areas and Their Problems Are Connected with the Larger Society

Rural social problems are often treated as if rural localities were unconnected with the great changes in the economic and social structures of the national and global economy. Rural interest groups, academics, and policymakers continue to treat rural development as a territorial or sector phenomenon. This focus has tended to preclude placement of rural economic and social problems in the context of regional, national, and even international markets and institutions. The interconnectedness of rural issues with policy issues in other arenas has thus been overlooked.

A quick examination of rural problems reveals a remarkable similarity with those of the inner cities. Both populations are being left behind in the economic expansion of the 1980s, and for many of the same reasons. Each of these geographical areas has similar problems with education and health services and, increasingly, in the areas of social pathologies—particularly violent crimes and crimes against property.

This does not mean, however, that the inner cities and rural communities should have identical social and economic development programs.

Assumption that Rural Areas Lack Viable Economic Solutions

The fourth hurdle is the assumption that rural economic problems are not the result of failure of the markets, either capital or information, but of a clear competitive disadvantage. Coupled with this is the notion that government, especially the federal government, is part of the problem and not the solution. From this perspective, economic development is fostered primarily through the operation of free markets, and since such market mechanisms have not fostered the type of economic development necessary for a viable rural economic sector, and since government is not able to induce such development, then those areas left behind are simply the unfortunate by-product of national economic adjustment. To the extent that this ideological perspective directs rural development policy we can only expect more of the minimalist policies of the past several decades.

Interestingly, both the supply-side and demand-side adherents tend to accept this general position. While it is not surprising for the supply-side, it may be for the demand-side, which emphasizes State investment in economic ventures that will find their way into nonlocal markets. Many of the places left behind not only lack the comparative local advantage, their capacity for developing export-based enterprise is probably insufficient. If this is the case, then demand-side advocates may be just as uneasy in targeting scarce capital resources to these areas as are the supply-side advocates.

This perspective has been guiding rural development policy for several decades. It is a triage policy and it has been a rural depopulation policy for many areas, especially those in the Midwest which have invested scarce resources in their children only to see them leave.

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An implicit assumption is that the degradation of people (especially those at or near poverty), of the environment, and of local physical infrastructure will not be externalized to the rest of society. In the 1980s, when such a policy became a cornerstone of the New

Federalism, many of the so-called social and economic safety nets, which are assumed to cover immediate social needs associated with economic transition, were clipped by federal budget cuts.

The harmful results of this triage policy have been externalized. The people of these unsuccessful communities are not being provided the training necessary to leave, nor assistance for maintaining essential social services. Rather, these areas have become persistent pockets of poverty. Hoppe (1989) reports that over 90 percent of the persistently poor counties in the U.S. are located in the rural South. Moreover, these communities are not simply withering away. Many are actively seeking potential outside employers, though often those that no one else would be interested in. Rural America, especially the rural South, is becoming the dumping grounds for metropolitan solid waste and of the nation's toxic waste. The states' response has been to pass more rigid waste laws, which is not a bad policy, but they have not simultaneously promoted rural development for these areas.

No Powerful Constituency

The development of a comprehensive rural development program lacks a unified constituency while facing considerable opposition. With the possible exception of the National Rural Electric Cooperative Association, the current rural development initiatives are the product of a wide variety of grass roots organizations, and the increasing realization that rural America is falling further behind.

Present rural development initiatives are authentic grass-roots political phenomena, and as such demonstrate most of the difficulties of a confederation of interests.

The common interest is greater financial assistance from the federal government. But there is no consensus among the grass roots groups as to the type of federal programs desired, or the manner of administration. This makes it difficult for Congress, which does listen to local issues, to act in a united effort.

There are, however, some powerful opponents. The major farm groups have not openly campaigned against rural development, nor have they facilitated it. Their rural development strategy has tended to emphasize higher farm prices. Or, in other words, they have continued to propagate the myth that farm policy is rural development policy. Given the serious federal budget crisis which has made new monies for almost any program problematic, the farm groups tend to see rural development as a threat to their lucrative federal farm entitlements.

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Nor have USDA and the Land Grant Universities moved beyond expected rhetoric in promoting rural development. During the Reagan Administration, the Office of Rural Development Policy was actually abolished. Nor does the USDA at this time have a mission statement concerning rural development, yet Congress has charged the USDA with responsibility for rural development.

The Land Grant University opposition has been passive. Title V funds were folded into programs that had little to do with rural development, but that did help hard-pressed Agricultural College deans improve their budgets. Support for community case studies by rural sociologists and agricultural economists came to a virtual stop with the dismantling of the Bureau of Agricultural Economics during the early 1950s. In fact, the demise of the Bureau is widely attributed to a case study of a southern rural community.

However, this does not mean that the bureaucracy or the social scientists at the Land Grants are either unable or unwilling to initiate the legislative goals of a comprehensive rural development policy. USDA's Economic Research Service has maintained a continuous flow of information on rural economic and social development, information that has documented the need for a comprehensive program. The lack of will does not reside with these bureaucrats.

Federal Budget Deficit

George Will has said that policy by polls reflects a thinness of beliefs. The White House's unwillingness to find new funding, or to transfer funds from agricultural programs, suggests a thinness in its commitment to rural development. Nor is Congress likely to fill the void without White House leadership. The inability to reduce the federal budget deficit means that new programs, or restoration of older programs for rural development, are not going to go much further than shuffling existing rural funds. Present proposed legislation to establish a Rural Development Agency (RDA) is the Executive Branch's answer to doing exactly this, shifting funding from one set of rural programs to another. The establishment of an RDA, then, represents a bureau cratic adjustment, not a move toward a change in the minimalist policies of the past.

Other Formidable Barriers to Rural Development

Even if we were to overcome these stumbling blocks to a comprehensive rural development policy, we still have some formidable problems, which can be divided into three general categories.

First, there are no economic and social strategies to contest the historic tendency for uneven economic development. Reid (1989) provides ample examples of the continued uneven development process, and identifies several specific areas including technology in agriculture which has continued to winnow the farm labor force. The old advantages of a cheap and unskilled nonfarm labor force have been played out, with few such opportunities occurring today. The telecommunications driven portion of the service sector, known for high-paying jobs, shows little sign of locating in rural areas, despite some improvements in rural telecommunications infrastructure. And, the low level of educational skills of rural youth, often associated with underfunded and over politicized local educational systems, persists.

Neither the supply-side nor the demand-side perspectives adequately address the persistent effects of uneven economic development. As noted above, each tends to accept the assumption that some places cannot be helped through economic development programs. This leaves the third strategy of human resource development as the only current viable approach to helping the people in these areas. The assumption is that economic policy should provide for a fluid and skilled labor force. By providing the necessary education for the populations of areas left behind, it is assumed that these people will be more able to move toward economic opportunities. This, in fact, has been the historic trend of rural depopulation of the best and brightest youth. It is also a type of self-fulfilling prophecy to the extent that many of these areas continue to show few signs of an internal capacity for private or public entrepreneurship.

A contradiction of this policy is that both education and health care services historically have been the responsibility of local and state governments, or of individuals (especially for health care). Without substantial assistance from federal and state governments to local ones in providing education and health care services, these populations, left to their own resources, are not likely to furnish the required services.

An associated problem is that demand-side policies often require surplus government resources that can be used to develop aggressive and innovative market strategies or to finance local small business incubators. Rural communities left behind by national economic development usually do not have the resources for maintaining necessary local services, much less a surplus for demand-side programs.

Such uneven development has been the focus of educational reform efforts in recent years. In Kentucky, 66 school districts initiated a civil suit contending that educational funding reinforced the unequal economic development within the state by providing more funding to the most wealthy school districts. The suit questioned the equity and efficiency of schools and was upheld by the Kentucky Supreme Court.

All 66 districts represented either rural or inner city areas. Similar suits have been brought to the courts in Texas, Missouri, and 12 other states.

Second, there appear to be few efforts to address the local consequences of the continued exodus of rural America's human resources. Nonmetro residents continue, on average, to have completed fewer years of schooling than those in metro areas, and a smaller share have attended or completed college. Also, in some rural regions (notably the South and Indian Reservations) school dropout rates are higher than metropolitan areas.

Third, most local rural societies do not have the capacity to plan their economic and social development. Nor do they have the local resources in many areas to form an adequate tax base or to respond to economic opportunities. How do we expect areas left behind in the national economic expansion of the 1970s and 1980s to fund the necessary educational programs while sustaining adequate health programs and other services? This is a serious "Catch-22" for rural leaders.

Changing Policy Assumptions

Assumptions concerning rural policy are changing. Three equally important changes merit attention: 1) the New Federalism and the shift of responsibility for economic development to the states and local governments; 2) the increasing tendency for states to address the problems of unequal economic development within their borders; and 3) the ascendency of demand-side and human resource development strategies by the states and local governments.

Shift in Responsibility for Economic Development Toward State and Local Governments

The policy consequences of the New Federalism are now being felt. At this time, the inclination is to assign rural economic development to rural communities and the states, and social policy, especially in education and health care, to the federal and state governments. This decentralization of the locus of policy initiative can have positive results, however, it is less a consequence of belief that local societies can direct their own economic development than a realization that the shotgun social programs of the past were expensive, inefficient, and often bypassed local political bases.

. . . supply-side strategies will continue to be seen as the only option for addressing local employment needs.

An implicit assumption is the existence of fewer political fractures at the local level than at the federal level. However, rural community studies reaching back to the Lynd's studies of Muncie, Indiana suggest just the opposite. Local society, and therefore local polity, is characterized by significant social stratification. Moreover, the interests of seemingly similar segments of local society, for instance the real estate developers, bankers, and plant owners, may have very divergent interests in the types of economic development strategies. Furthermore, most rural communities lack the ability and the resources to foster their own economic development.

This does not mean that there is not a great deal of potential for new economic activity. Rather, economic development will require a cooperative effort by all levels of government. Local governments must initiate a broad-based review of existing human, natural, and capital resources. This review should be done in cooperation with development professionals available from the states and the Land Grant Universities. Once a plan has been democratically agreed upon, then, in cooperation with their state governments, and with financial support from the federal government, the plan can be implemented and monitored. Infrastructure development and maintenance is the primary responsibility of state governments in cooperation with their local governments.

States' Attempts to Deal with Uneven Economic Development

As the federal government has passed along greater responsibility for economic development to the states, it has also passed along the burdens of dealing with uneven economic development. This applies equally to rural and inner city problems. As a consequence, the states are finding it necessary to take on unpopular political initiatives such as tax increases and educational reform. Kentucky passed a $1.3 billion tax increase in Spring, 1990 as part of its educational reform package. The governor had run on a no-tax platform (as well as a lottery platform), but was forced to shift his position when confronted with the needs of the state. Much of this money goes to rural and inner city school districts in an effort to supplement low resource bases and to upgrade the quality of education.

A central problem for the country, though, is that this puts those states with high levels of poverty and low capacities for economic development at a clear disadvantage. The Lower Mississippi Delta Development Commission represents a regional attempt to coordinate the scarce resources among several states and the federal government. But it, too, has thus far met with limited success.

Shifting Assumptions

Eisinger argues that demand-side assumptions are now more widely considered, as the inadequacies of supply-side programs become more apparent:

> By and large supply-side economic development policy operates at the margins of private investment decision-making. . . [The] specific incentives governments can offer and the contexts governments can create through their general tax and regulatory policies are simply not prime determinants in private decisions to invest, at least where the question involves a choice of location. (Eisinger, 1988:222)

and:

> [T]he traditional supply-side strategy to induce investment and influence location choices is burdened with certain liabilities. The positive effects of such incentives have not been established incontrovertibly, and there are even potentially perverse effects. In addition, incentives and tax profiles are relatively easy to match, thereby canceling out any advantage in the long run. . . It is thus partly out of the problematic experience of the supply-side tradition that the entrepreneurial state has emerged. (Eisinger, 1988:224)

The smokestack chasing of the past has proven to be a very costly adventure with few successes. As this realization has sunk in, state and local leaders have begun to look for alternatives. Consequently, demand-side and human resource strategies have emerged as viable options. This shift also represents a possible change from short-term to long-term economic planning, since neither demand-side nor human resource development yield the visible and immediate evidence of economic development of a new plant. However, for the foreseeable future, supply-side strategies will continue to be seen by all levels of government as the only option for addressing local employment needs.

Prospects for Rural Development

Clearly, economic development of local resources should occur at the local level, but the provision of education and health care might be a part of a national economic development policy. A rationale for greater federal involvement in both education and health could be based on the need to enhance the creation of wealth by providing for a more skilled, healthy, and mobile labor force. Such a skilled and fluid labor force might improve the capacity for the labor markets to more effectively take advantage of rapidly changing national and world markets.

Neither rural America nor the inner-cities have the capital and human resources to provide an adequate education or offer minimal health care. Given the large proportion of the U.S. population living in rural areas and the inner-cities, it is detrimental to long-term economic development to neglect this generally ignored portion of the labor force. However, federal financial assistance should be seen as addressing socioeconomic problems associated with uneven economic development that could hinder economic growth, and not a basis for reducing local autonomy in the management of schools and health services.

At this time, legislative activity to create a comprehensive rural development policy by renovating old policies, developing new missions for existing public institutions, and initiating new programs has fallen short. We should not expect the White House to take a leadership role, given the lack of strong political allies for rural development and the political problems of the budget deficit. Consequently, while Congress will likely pass some type of rural development bill, it will not be comprehensive nor will the programs created, such as a revolving loan fund, be adequately funded.

Rural development should be seen as part of a long-term national strategy to greatly up-grade our human resources while in the interim providing employment opportunities and basic services. Unfortunately, the White House, Congress and the general public do not appear willing to make such a long term national commitment.

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Rural Communities in Transition

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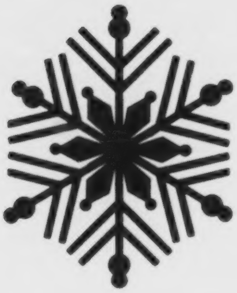

Twenty years ago Charles Tilly asked "do communities act?" meaning do those living in close proximity mobilize for collective action (Tilly, 1973). He answered that under external stress, a community organized as a "gemeinschaft" society centered on kinship-based social relationships, was more likely to "act" than one organized as a "gesellschaft," more urbanized, society, in which individual interests determined behavior (Tonnies, 1940). Today small Midwestern communities have cause for action. They face a transition caused by declines in population, small businesses, tax base, and services (Johansen and Fuguitt, 1984; Fuguitt, Brown, and Beale, 1989; Luloff and Swanson, 1990). Policy makers urge neighboring communities to pool resources, reducing redundancy and thereby assuring that some survive. This external pressure to act with neighborliness and cooperation is claimed to be in the communities' best financial and development interests (Deavers, 1987; Fuguitt, Brown, and Beale, 1989). Yet, such a call presents a quandary. Working together means setting aside historic intercommunity rivalries that functioned well in rural America. At their best, such rivalries reinforced rural community solidarity; at their worst they produced hostility sometimes erupting in violence. Tilly's original query must now be reframed as a more difficult and pressing question: Can communities act together?

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Though actual disappearance of rural communities was relatively rare until the 1980s (Fuguitt, Brown, and Beale, 1989) past persistence does not preclude a community's demise in the 1990s. For this reason, the potential for past and present collective action within and between small rural communities deserves attention. First, we challenge the assumption that sharing a common territory fosters the same internal mobilization by considering the cultural, historical, and structural variation among rural populations that affects their predisposition for collective action. Next, various historic, economic, and social barriers to Midwestern intercommunity cooperation are described. Finally, a case study of two Illinois villages with a classic history of intercommunity hostility provides concrete illustrations of the factors hindering intracommunity collective action and intercommunity cooperation. Determining why communities cannot cooperate provides clues for facilitating collective action, as rural communities struggle to survive.

Intracommunity Variation and Social Relations

Structural Variable Affecting Intracommunity Relations

Many argue a sense of community emerges from the inevitable interaction among residents, and thus develops naturally (Wilkinson,1990). Though the rural-urban continuum (Loomis and Beegle, 1950) theoretically no longer dominates rural studies, an assumption is still made that a more personalized, supportive, and even cooperative social fabric characterizes rural communities (Heffernan and Heffernan, 1985). However, ties that link many contemporary rural residents resemble those of urban neighbors more than the inclusive rural communities of the past (Wilkinson,1990). The type of links which characterize a community are an outgrowth of its ethnoreligious character, farmland tenure, and demographic profile.

The strength or weakness of links among a Midwestern community's households (Granovetter, 1973; 1983) is affected by how settlement occurred and by whom. If a single ethnic group formed a settlement through chain migration from a common place of origin from the outset, the community shares a history as well as strong kinship ties. Such a community is more likely to be founded on a covenant, based on a common religious and agrarian value system (Smith, 1966). In contrast, a community founded for entrepreneurial reasons and settled cumulatively by families with multiple ethnic origins is more diverse in its makeup and religious affiliation: being more competitively oriented, its members are inclined to form weak ties (Granovetter, 1983). German ethnics are closely identified with traits of the former community: a single church, common and identifiable origins, strong ties and a covenant of founding. Protestants from the British Isles are typically associated with traits of the latter community type: competing churches, relatively little emphasis placed on origins, individualism in forming of ties, and an economic motive of founding (Salamon, 1987).

Midwestern farmland tenure, dominated by family farms, varies among communities according to the extent to which ownership is consolidated (Salamon, 1985). Greater disparity in farm size is connected with greater disparity between social classes in a community; how much land a family owns determines relative position in the local status hierarchy (Hatch, 1975; 1979). In the past, though local entrepreneurs and professional people often owned farmland, they could be either boosters or opposers of farm interests. Over the years, land-owning village residents declined in number and their diminished ranks were augmented by middle-class newcomers less likely to have farm connections (Luloff, 1990). Even a small shift in this direction changes the dynamics of rural community members' involvement with local schools, businesses, and other social institutions.

Finally, the demographic profile of a community affects its potential to mobilize members. Rural communities are becoming dominated by the elderly, with fewer young adults and middle-aged residents (Fuguitt, Brown, and Beale, 1989). Whether farmers retire into the village influences cohesiveness of a community (Salamon, 1987). Young people's choice to remain and raise families affects a community's survival; a commitment to rural residence may be due as much to noneconomic factors as the availability of work.

consolidation . . . cost local control of education and even weakened academics.

Social Factors Affecting Intracommunity Relations

While structural variables influence intracommunity relations, it is the intangible factors of integration, identity, and support that identify a group of people living in close proximity as an actual community (Wilkinson, 1990). A recent ethnographic study (Schwartz, 1987) focused on how youth were treated as an index of these underlying values which influenced intracommunity relations. Two rural communities described represent different "cultures," according to Schwartz, demonstrating that rurality can produce differing tenets of solidarity and cohesion. One community was characterized by "tolerance for others [as] a natural concomitant of living together," while in the other "living together harmoniously entails constant vigilance against threatening outside influences and internal disturbances (1987:33)." The former was organized with strong ties (Granovetter, 1983) where personal dignity and acceptance prevailed unless an individual violates "the norm of mutual tolerance." Schwartz found that though the most provincial of the six communities studied, it had the most respect between generations; adults felt their actions made a real difference in teenagers' lives and relations were "least affected by hierarchy, performance, and individualism (1987: 282)." The other community was more rational and did not allow for latitude with rule enforcement. Position, performance, and individualism were valued; its youth resembled those of the upper-class suburban community in the study more than those of the rural counterpart (1987: 34; 281). Rural residence, then, can mean community interaction without the cohesion, support, and identity often assumed characteristic of small town life.

Thus, whether collectivism or individualism is more valued by community members affects interpersonal relations. A community that places high priority on strong ties and collective action has networks that can be mobilized quickly and effectively, and are only minimally segregated by class or age. Such a community may have less need for forming weak or instrumental links outside the community (Granovetter, 1983). In contrast, when individualism is preferred as an organizing principle, looser networks are formed which are more difficult to mobilize. Class and age segregation also occurs, so that social support is derived almost exclusively from family rather than diffused through the community. In such a community weak, nonkin ties are more likely cultivated within and, more importantly, outside the community.

Coleman views network mobilization and similar interactions as building institutional "social capital" (differing from human or financial capital) which "inheres in the structure of relations between actors and among actors...[and] is a resource for persons (1987:98)." Whether capital accrues depends on "trustworthiness of the social environment, which means that obligations will be repaid, and the actual extent of obligations held (1987:102)." Differences among social structures emerge, according to Coleman, because of the settings in which people do things for others, which builds social capital. When obligation levels are high, people have social capital on which to draw. When considerable social capital exists in an institution it tends to benefit all members of the social structure. Because tolerance, respect, and an attitude that the children belonged to everyone permeated ties in one community Schwartz studied (1987: 37-70), social capital accrued. Such capital was not present in the other community, however, due to the authoritarian and individualistic treatment of the youth (1987:71-105), as a consequence of the importance placed on maintaining generational and social hierarchies.

Intracommunity relations form a context for intercommunity interactions. The characteristics of a community's social organization constitute a community culture which influences whether it is predisposed to act collectively internally or with other communities. These contrasts explain why more gemeinschaft communities mobilize internally more consistently than others organized in a more gesellschaft manner. Whether people have weak ties and thus seek and favor instrumental relations external to their community, or concentrate on the intracommunity ties that make outside links less important or desirable, affects how people perceive other communities. However, intercommunity relations also developed in the context of historical rivalries and competitions for resources.

Community Culture and Intercommunity Relations

Sources of Intercommunity Rivalry

Why have Midwestern villages in a single rural county become rivals rather than partners? Individuation processes essential to community development reinforced competition as the mechanism to survive and prosper within a county. This section explores three key historical sources of hyper-individualism among rural communities contributing to modern-day intracounty antagonism, intolerance, and condescension.

Much of the endemic rivalry among rural communities can be traced to economic issues. Intense competition took place in early "county seat wars" over which town was to become the county center of government (Schellenberg, 1981). Although occurring early in the nation's Colonial period, violent county seat controversies developed mainly in the Midwest. It was there that a county seat's location was popularly selected, as opposed to a state mandate. Losers foresaw threats to their economic well-being and after the honor was awarded, rivalries continued to fester and color intercommunity relations. Thus, from settlement, proximal rural communities were forced to compete for the limited power and resources necessary for survival.

A second source of rivalry among neighboring communities was "boosterism," a commitment to town "progress" through commercial and population expansion (Atherton, 1954; Curti, 1959) or to the maintenance of local pride and esteem (Hatch, 1979). Boosterism implies internal cohesion sufficient to undertake activities that, though likely to benefit some individuals more than others, are in a community's overall common interest. Its goal is superiority over nearby communities by growing bigger, wealthier, and more grand. In its most recent form boosterism was recast as characteristics leading communities toward "entrepreneurial" acts and local initiatives devised for local economic development (Flora and Flora, 1988). Boosterism has always meant that a community's economy or institutions prospered at the expense of a neighbor, and thus aroused suspicion.

> This triage system makes economic indicators the measure of well-being . . . thereby penalizing smaller communities . . .

School consolidation is a third factor that historically fueled intercommunity rivalry. Consolidation emerged and re-emerged at intervals beginning early in the twentieth century as state-level professionals attempted to seize local control from farmer-dominated school boards (Fuller, 1982; Reynolds, 1990). Communities struggling to retain their school were repeatedly forced to compete with others in the same county. Underlying the resistance to consolidation was evidence that it not only deprived a community of a major integrating institution, but that the process cost local control of education and even weakened academics.

Results of County Intercommunity Rivalries

Competition in the form of boosterism to bring in business, obtain the consolidated school, or triumph in school sports produced a county hierarchy measured by size, actual or perceived winners and losers in the struggle for resources. Historically, it was farmers who felt badly used by local villages for taxing them without representation or taking their business for granted (Brunner, Hughes, and Patten, 1927). As the farm population declined, roads improved, and schools consolidated, country residents were drawn into intercommunity rivalries. Hatch refers to the competitive theme as one of "intercommunity relations at all levels of the hierarchy [having] the pattern of hostility toward higher-order units (1979: 160)," combined with sense of superiority over those units deemed lower. Such a pattern reinforced internal identity and cohesion, particularly when a community felt threatened.

> Bigville residents . . . are intolerant of others. Smallville is focused inwardly and more concerned with local issues . . .

Size or economic superiority certainly structure a hierarchy. Communities play the rivalry game differently, some buying into the size-based hierarchy more than others. Social characteristics such as wealth, ethnicity, or regional settlement origins are used to construe one's community as superior and to look down on neighboring communities (Hatch, 1979). Those differing are deemed inferior unless the differentiating qualities are those to which community members aspire themselves. Over the long term, size was self-fulfilling for higher placement in the economic ranking. Businesses, services, school consolidations, and jobs all tended to become centralized in the largest locales (Johansen and Fuguitt, 1984), usually the county seat. Yet, cohesive communities can survive without outside support by providing the non-economic advantages of social capital and strong ties. For such communities, size does not necessarily determine survival.

State-level policy makers advance the size-based hierarchy by asserting that only larger communities (over 2500 in population) possess the critical mass required for persistence, and favor them at the expense of smaller towns with less tangible advantages. This triage system makes economic indicators the measure of well-being, concentrating on larger and thereby penalizing smaller communities, as a regional strategy for the dispersal of public resources (Daniels and Lapping, 1987). As this policy plays out, the historical absorption of smaller communities by larger ones receives state support. Such a process is already at work. To question the assumptions behind triage judgments, or to operate in a more humane manner requires taking into account non-economic as well as economic criteria.

In the following case studies we compare the impact of the social capital produced in a community characterized as "close-knit" to a neighboring, loose-knit community. Members of the close-knit community resist intercommunity cooperation while having acted collectively to achieve internal goals. People in the loose-knit community cultivate instrumental ties and make overtures toward intercommunity cooperation. The community with strong ties and considerable social capital knows it will only lose with intercommunity mergers; the loose-knit community has less to lose and more to gain from intercommunity cooperation. The communities will be described and contrasted in how they "act" on three typical transition issues: newcomers in mobile homes, school consolidation, and internal support for local businesses. Then, how conflict over such issues is handled and the implications these examples have for future intercommunity ties are discussed.

Western Illinois Intercommunity Case Study

Much of the Midwest, and many rural areas elsewhere in the nation, are dotted with villages of less than 2,500 population. Illinois and Iowa, particularly, rank near the highest in numbers of small rural communities, and Illinois leads the nation in number of local governments. Thus, intercommunity initiatives as a strategy to overcome local resource and population deficits is a burning regional issue.

Theoretically, proximity makes regional neighboring a logical strategy for rural community preservation. However, past rivalries among communities often shape current relations, as in this intercommunity case study. "Bigville" and "Smallville," two neighboring western Illinois communities, have been locked in a long rivalry that precludes cooperation beyond the minimal volunteer ambulance and fire departments. Each community views the other as quite dissimilar, the most obvious difference being that Smallville taxes itself more heavily than the larger Bigville, or any other county community, to maintain the smallest school district in the state. This fact is central to why previous intercommunity cooperation did not develop.

The intercommunity field study was carried out by Davis-Brown between June and October of 1988, in a west central Illinois county (of under 20,000 in population) typical of farming-dependent areas heavily hit by the 80s farm crisis (Bender, 1985). The rapid financial decline of the area since the farm crisis is exemplified by the fifty percent loss of retail business among 7 of 14 villages studied by an area Cooperative Extension advisor (Wright, 1988). Village economic activity dropped as a result of farmers' financial problems, population decline, small plant closings, and the opening of a Walmart in the "Countyseat." Criteria for community selection were: close proximity (they are six miles apart); similar soils; similar size; high elderly population; and distance (about 50 miles) from a metropolitan area. Bigville has a combined village and rural population of approximately 1500, Smallville around 700. Shared soil types, equal access to off-farm employment, or other factors that may account for community variation are comparable so that differences cannot be explained by these or similar environmental, economic, and social characteristics. Historically, however, the communities are rivals, and old timers even remember fist fights among youths after sports events or on weekends.

A snowball sample, constructed to obtain a comparable household cross-section, was interviewed in each community. Males and females in each of three age groups (20-35, 35-60, and 61 + years) were selected to represent a community profile of occupational variation: social service, business, religious leader, clerical/white collar, laborer/crafts, domestic/homemaker, unemployed/public aid, and farmer. One-quarter of 44 households in Bigville, and almost one-third of the 41 Smallville households represent interviews conducted jointly with the husband and wife. An additional group of approximately 10 interviews was conducted with county-level professionals working with senior citizens, the community college, churches, newspaper, Farmer's Home Administration, county public aid, and a local historian.

Community Background

Bigville was incorporated in the late 1840s along a railway and near a river. It was settled mainly by persons with British origins, who migrated from New England and Middle Atlantic states. For many years, Bigville in addition to its farms, was the site of flour mills, and other manufacturing plants including shoes, brooms, a creamery, cigars, meat processing, and cheese. In the early twentieth century its population peaked at 1100, when it was the largest village in the county (Bigville 1976). Bigville today has five churches and supports a coffee shop, drugstore, grocery store, bank and has an elementary and high school. The most evident community identity is the daily 7:30 A.M. gathering of men, both farmers and businessmen, at the coffee shop to gossip. The community has a Women's Christian Temperance Union with a membership of over 100 that is galvanized every few years to defeat attempts to allow liquor in town. People in Bigville tend to vote Democratic, along with the rest of the county.

Smallville's land is more rolling than Bigville's although both have a similar mix of marginal and good soils. The village was laid out and settled by Kentuckians and followed by an additional influx from Kentucky and Tennessee. This southern group, however, was quickly outnumbered by settlers from the east (both New England and Middle Atlantic states) and many Germans who migrated in, but had no common area of origin. There was never a railroad nearby or major highway, and farming dominated the economy from the start. Small factories were also located in Smallville and at various times a flour mill and woolen mill were there, as well as a health resort built to take advantage of mineral springs discovered on the outskirts of town. The village population never exceeded its peak of over 800, which was reached about the turn of the century. Today the village has 450 people, who support (along with county residents) three churches, a restaurant, three garages, a meat locker, small branch bank, bowling alley, a Masonic Lodge building, and a lumber yard. The community has an elementary, and a high school with 50 students. Smallville's restaurant is "just packed" when the men gather at the "Liar's Table" for coffee in the morning at 9 and 3 in the afternoon, followed by the women at 9:30 A.M. and again at 4. In addition to its distinctively small school system, Smallville is the only village in the county that consistently votes Republican.

Intercommunity Perceptions

Each community magnifies the distinctiveness of the other when justifying their historic lack of cooperation. What each group thinks about the other provides a source, real or imagined, for the rivalry. A retired Smallville businesswoman described the regional explanation for contrasts. "My father called the people from Bigville damn Yankees, I don't know why. There's been a rivalry there since the beginning. Even the Little League competition between the two towns is fierce." Similarly, Bigville people refer to Smallville as easygoing Southerners, perhaps because of the multiple coffee hours. For example, a realtor commented, "Smallville people seem to have a more leisurely and funloving outlook on life. Bigville people are hard workers. They work too hard and don't have enough fun. They could probably learn something from Smallville folks." Ethnic differences are also cited to explain their distinctiveness. A Smallville farmer suggested, "The Germans being more conservative farmers and the English having more money and being more liberal, that's Smallville and Bigville, alright." The way a community treats newcomers provides insight into its social structure. Two families, one low income and the other middle class, moved from Bigville to Smallville after identical experiences. Lifelong low-income residents of Bigville moved after losing their home, expecting to return when housing became available. "By the

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and meat locker, which were going under.

time there was an opening I said, 'No way.' I felt like I was right at home in Smallville. People here are so friendly right away, saying how glad they were we were in town," related the wife. Similarly, the newcomer businesswoman said, "We lived in Bigville a few years but it was too cliquish. We finally gave up and moved to Smallville and noticed the difference right away. People told us they were glad we were there, offered to help out any way they could. We've made more friends in the short time we've lived here than the whole time we lived in Bigville." People in Bigville recognized the contrast. A wealthy farm wife said that "Smallville is close-knit. There's a difference in Bigville and Smallville. Here [Bigville] everybody's out for themselves, but there people seem to stick together." Church membership rather than the community defines identity in Bigville. "People tend to be cold unless you're involved in church or school activities," commented a local store manager. Said a Bigville farm woman, "Your church is your social group." The association of churches with particular income groups is connected with the segregation of social networks.

Cooperation to achieve community maintenance and tolerance (Schwartz, 1987) characterizes Smallville's action pattern. Bigville residents act as individualists who, though living in the same place, follow their own agenda and are relatively intolerant of others. Smallville is focused inwardly and more concerned with local issues, while Bigville is outwardly oriented as exemplified by self-comparisons with Countyseat (population 4500), which long ago eclipsed it in population and power. A teacher said, "Bigville has a big rivalry with Countyseat. You say let's do anything with Countyseat and people in Bigville say, 'Hell no.' " Three issues faced by both villages—mobile homes with low income residents, school consolidation, and local business support—highlight contrasts in how communities act (Tilly, 1973).

Transition Issues Rural Communities Face

Mobile Homes and Low Income Newcomers

Both Bigville and Smallville have numerous mobile homes, a relatively recent development. A public aid social worker said the low-income people attracted by this cheap housing "are not new to me," being attracted from elsewhere in the county. Bigville's mobile homes are clustered at one end of town, and owned by a local entrepreneur. Only a minister, not long in the community, feels the owner "believes in the future of the community." Half a dozen others, both wealthy and lower income, agree that: "He doesn't care about the community he just wants to make money." Said a maintenance man, "The guy who put [mobile homes] in likes to rent to people on public aid. He knows when those checks come...He knows he's gonna get paid." Because Bigville is not zoned, the entrepreneur cannot be regulated, though public pressure forced better upkeep of the previously rundown properties.

Smallville's mobile homes also resulted from one person's initiative, a local wealthy farmer, who bought the lots and encouraged low income people from elsewhere in the county to move in. Some are very critical and others generally approve, but all agree about his motives. "He wasn't bringing in mobile homes just to be ornery. ..he was trying to bring in families with kids to raise the enrollment of the school. But, then, those kind of people they move on and somebody else comes in...some have 'hoodlums' now." To guard against future problems, Smallville has a zoning ordinance and the mayor, with the town board, has acted to tear down deteriorated buildings. "People come in because of cheap housing...that's why we're trying to get rid of it," he said, aware that little available housing also keeps out desirable new people.

Support of Local Businesses

Main Street is an indicator of the support for local commercial trade. Bigville, though twice as large as Smallville, sustains fewer businesses. There is a possible structural explanation for fewer businesses in the larger village: Bigville is closer to Countyseat. Yet, Bigville residents patronize the restaurant in Smallville (or Countyseat) and have their cars repaired there rather than their hometown.

About fifteen years ago Smallville was in danger of losing key businesses. Some residents, organized by the mayor, invested in the restaurant and meat locker, which were going under. "We all had the chance to buy shares. Nobody could buy more than four to five hundred dollars," explained an elderly couple, who invested in the venture. A recently received dividend surprised the husband. "I got a check from the restaurant the other day for $250. I never expected to see that money again. It was a contribution to the welfare of the community." To give families and teenagers something to do, the same group started a highly successful bowling alley venture.

Smallville citizens are proud of their business vitality. "It is amazing that this town supports three garages. People come from all over and they're all family businesses... That we still have a farm implement dealership is also amazing," said a farmer. When the implement dealership threatened to move because no landowner would sell acreage for a new store, a couple who already owned restaurant and bowling alley shares, reconsidered. "We didn't want [the dealership] to leave town...It brought in a lot of sales tax," the retired businesswoman said. A professional woman whose husband farms in Smallville said, "We don't have that many businesses closing. The stores keep changing hands, but they don't close." Local people are committed to patronizing village businesses and consider the possibility of forming another cooperative if it is needed. A garage owner, proud of his son as the third generation in the family's fifty year-old business, reflects commitment to the community typical of local entrepreneurs: "I'm on the town board and have been for 25 years...

I've never run for mayor, but I've never needed to. I would run if no one else did. I wouldn't let the town go down."

Bigville residents are aware of weak loyalty for community businesses. A Bigville store manager observed, "People in Bigville don't cooperate. They're unwilling to help a neighbor in a business sense. They'd rather shop in another town than help a neighbor get ahead." A community farmer agreed with a lack of commitment to the community's future: "People say they want new business, but when it opens up there's lots of opposition; a lot of complaining about where it is or the hours, or whatever. So, they don't patronize it and it folds and then they say, 'There goes another one.' " Local businesses are part of the problem, according to a prosperous farmer. He argued that people only invest locally if the bank is committed. "The bank does not invest in this community so the people don't either."

Some Bigville citizens work for the town, but their projects of choice indicate a personal agenda rather than the community's general welfare. People concentrate on a pet project, then complain about being unappreciated. Community beautification, including the renovation of historic homes, is the focus of a Bigville civic improvement group. One restored home now serves as a museum, a project proudly described by a retired farm couple. "The younger people, they don't appreciate their history. They said, If you're going to spend that much money why don't you build a pool. But we went ahead and now that we finished it everybody is so proud." A retired businessman, pointed out as a committed citizen, gave money to the museum restoration and for a new American Legion Hall to encourage local activities. "Success breeds success" he said. He feels strongly that the town needs "a place to buy everyday things," but he has not worked to support a store. "I've put a lot of time and money into this community and I've had my successes, but it seems like people don't appreciate it...what this town needs is leadership to attract jobs, to get communities to work together." A leadership vacuum rather than sustaining cooperation is the community's problem, people say. According to a farmer, "Nobody can agree to do anything together. What we really need is one person to really push something and then the others will criticize for awhile, but when they see it will work, they'll fall in line."

Bigville's most successful cooperative effort is exerted by the WCTU to keep liquor out. For example, the Legion wanted the old law changed to allow liquor sales as a private club in its new hall. An alliance of the churches and the WCTU defeated the measure. "It works us to death to keep [liquor] out. Local pride is a definite priority," according to a retired farm couple. That Bigville is "dry" testifies to the effectiveness of their organization, but perhaps contributes to lack of energy available for other endeavors. Smith (1966) argues that temperance can be a covenant substitute which can unify a town. However, in Bigville it seems to divide the community and the dry law has effectively prevented establishment of a local social arena.

Local Taxes and School Consolidation

Schools are a concern among both communities. Many confided that they view future consolidation as inevitable, and expressed concern that it is only good for the community where the school is located. Bigville residents think they "missed the boat" when they did not consolidate with Smallville in the 1940s or the 1960s (Bigville, 1976). Currently, Bigville considers this option more acceptable than merger with Countyseat and has made several overtures, only to have them rejected by Smallville. "We offered the world to Smallville last time we tried to consolidate with them, but they turned us down," said a Bigville store clerk. "Smallville is hard-headed about keeping their school," many in Bigville agree.

Contrasts in community cultures are evident in how local leaders fill their community's page in the county newspaper. For Bigville the focus is on historic preservation, while the Smallville page features children's school activities. People in Smallville are proud of their school, which is the center of the community. In contrast to a Bigville farmer's complaint that "Our school prepares kids better for college than it prepares them to take a place in the community," Smallville thinks their size produces community-minded students. "When you don't have many in the class, everybody has to take leadership," explained the retired teacher. A parent expressed a similar belief, "Everybody is either in sports or a stats person or manager. Everybody does something; they have to. When you got a school that keeps a kid that busy you don't have to worry about drugs." Each year Smallville's senior class takes a trip, such as one to Hawaii. They begin their freshman year earning money through various sales. According to a low-income parent community support is evident, because "everybody buys." In addition to their higher taxes to preserve "the heart of the community," Smallville built and furnished a new gym by holding fundraisers such as an annual smorgasbord. The booster club decided to support some of the sports the school board recommended dropping to deal with the first budget deficit. A farm couple with children in the Smallville school expressed a viewpoint common in this community, where people pay the highest school taxes in the county. Said the husband, "Local taxes are too high, but on the other hand we want to keep the school." His wife added, "If you're going to spend your money on something it might as well be the school. It's money well spent.'

> "Our school prepares kids better for college than it prepares them to take a place in the community."

In contrast, Smallville sees Bigville's problem as, "They're selfish. They don't want to spend their money on the school, on something that really matters," according to a retired Smallville teacher. Bigville people from all walks of life complained about taxes. For example, a minister commented, "For most things they don't want to spend the money. They don't want to raise school taxes, support the stores, or build a bigger water system, but they want a pool... [because] a pool would help us have a better sports program." A Bigville school official said, "People here are not concerned taxwise about preserving the school."

Most residents are aware of future problems in keeping their school. "We've been fighting a long time... landowners [farmers] outside the community make the decisions about Smallville's future, but they usually support the school," commented a parent from the community. Despite unanimity about the school, Smallville bears the scars of the struggle in which substantial taxes were imposed in lieu of consolidation. Some Smallville farmers suffering from high property taxes favored the merger. Other farmers led the drive against consolidation. People in Smallville say the vote "turned family members against one another." Two brothers, one a farmer and one who lives in town were on opposite sides, and still do not speak. A Smallville farmer in his 40s described their rivalry with Bigville when he was a boy as moderated from what it was: "Then you didn't speak to a boy from Bigville. Now the kids go there to cruise. The kids don't mind going together with Bigville, but they're afraid of losing their school, their identity."

The Generation of Social Capital

Community Participation and Class Divisions

The acknowledged notable families in Smallville and Bigville represent ends of a continuum which measures the value placed on creating local social capital, and thus reflects their integration in the community. Prominent Smallville citizens work to promote strong ties and relatively egalitarian relations, in the interests of accruing community social capital. A low-income woman from Smallville reflected, "One thing about Smallville, the people who have money in this town look out for the community. They're all for Smallville ... Everybody here just neighbors like family." As a poor person sensitive to status differences, she compared the "outdoing" her children experienced in the Bigville school with the tolerance the family discovered in Smallville. " There [Bigville] all the kids with money were in a clique and they'd throw it up in the other kids' faces....But in Smallville it doesn't seem to matter as much. Even the kids from the richer families don't look down on the poorer kids." A member of Smallville's town board characterized the egalitarian perspective inherent in the community, "We're definitely a closer-knit community than most. Nobody's better than us, but we're not snobby like they are in other parts of the county." This sentiment was echoed by a prominent businessman in the community whose wife was an organizer for an annual community fair: "We belonged to the country club in Countyseat for awhile, but people would ask us where we were from and like roll their eyes or make snide comments about being from our end of the county. Never mind that we could've bought any of them three or four times over... we quit going." A farmer echoed this discomfort with pretension: "The people in Bigville seem to have a lot more time to belong to the country club, to play golf...they have more money and more leisure time. Any free time we have goes to community projects. We don't have free time or money to belong to the country club."

> "There, all the kids with money were in a clique and they'd throw it up in the other kids' faces. . ."

Bigville, in contrast, is characterized by prominent families that develop many weak ties outside the community (Granovetter, 1983) which correspondingly reinforce a more stratified social structure. Historically, the community has apparently long had distinctive classes based on wealth. A retired farm woman, for example, referred to one block of older homes, larger and more substantial than any in either community, as "silk and satin street." The people who lived on that street had more money...they even wore silk and satin as everyday clothes. The wealthy, both business and professionals still live on "silk and satin street." A widow from a large landowning family commented on the community powerful: "The leaders in our community are the most wealthy. Those that lived here the longest and the biggest landowners are the same people." Many of the powerful belong to the same church. According to a minister from another church, "they tend to be the upper-crust..so they aren't interested in doing anything with us." Those active in Bigville consider the wealthy relatively uninvolved in community affairs. According to a social service professional, "The landowners outside the community pay the taxes and they have the say, and they're not interested in the town."

Most important members of Bigville society—farmers, business people and professionals—belong to the Countyseat Country Club, focusing their social life outside the community. Furthermore, their energies are frequently devoted to civic organizations at the county level, perceived as benefitting Countyseat rather than Bigville. The mayor divides his time between Bigville and a professional job in a county agency, unlike the Smallville mayor who is a farmer living in the village. One wealthy Bigville farmer has held state and even national offices in a service organization which takes him and his wife outside the community a great deal. Bigville's civic-minded individuals are therefore only minimally involved in local affairs.

Controversy and Community Integration

Controversy and how it is handled affects the amount of social capital produced in a community. People in

Smallville do not deny they have conflict, as exemplified by the brothers who became enemies over the school consolidation issue, but they feel most controversy is resolved positively. For example, the town clerk said, "Everyone is suspicious at first. It's only natural, but they eventually compromise." The daily coffee hours at the local restaurant, a forum where men and women debate controversial issues is one place where divergent views are discussed, eventually reaching consensus. Annoyed that "nobody minds their own business," a homemaker at the same time struggles to describe the consensus that occurs: "I don't think anybody makes decisions. I think it just happens. Some people are louder than others, that's all. But don't get me wrong, people stand behind our leaders." It was a town meeting with wide attendance that decided what school sports they could support and cover the deficit. To an outsider the unbusiness-like manner in which decisions are made is frustrating. A former executive and his wife retired to Smallville, his ancestral home, and are critical of this process, "People in Smallville aren't willing to rock the boat...Everyone is ...related. No one wants to cross anybody, to look foolish." A more positive view of the consensus-making process was that "We're smaller than most towns so we get madder at each other. But, we work together too."

In Bigville, an elderly woman felt that, "People here don't have any right channels to deal with controversy in public." While there is a daily morning coffee hour by a few prominent men, it is not the same public arena for consensus building as its Smallville counterpart. As a result, people are cynical and suspicious about how decisions are made. According to a local professional, "Our government officials actually make the decisions. They have the power to make the actual decisions, but they're influenced a lot by a few individuals and families. Wealth is the same as power around here." However, the powerful are not seen as leaders or as committed to Bigville. One of the wealthy farmers observed, "They won't support anything that's not going to benefit me." An insightful comment was made by a Bigville businessman when comparing community interaction that builds social capital: "As I've gotten older I've come to appreciate Smallville more; how the people there stick together and stick behind their community. People in Bigville are clannish diehards, even against local people. They don't stick together like Smallville people do."

Bigville residents attributed problems with community decision-making to a dearth of leadership. A farmer observed that people are willing to be involved if it takes "no money and no risk...the trouble with Bigville is that it has no leadership. Nobody can agree to do anything together." Prominent people who voice a dissenting opinion are considered "uppity," particularly if they are actively involved in county-level affairs. These activists opt out of local affairs and contribute in other arenas rather than deal with the concomitant criticism and lack of committed action. A professional who retired to Bigville views the town's problem as one of direction and vision: " When a community doesn't have goals, that's when there are problems." Rather than being resolved, conflict in Bigville seems to fester, with little social capital accrued.

Children and The Community

The way children are valued embodies community attitudes about social relations (Schwartz, 1987). In Smallville, the children belong to everyone and when people say "everybody's in everything," they mean the school as well as the community. People feel responsible for children, and fight for the school because it is not only good for the community, but because they think it is better for the children. A schoolboard member, with a small child, spoke about the drug problem and Smallville's teenagers: "I'd be lying if I said we didn't have problems...we have some. You do what you can...You worry though, those kids are like your own." A farmer had the same sentiment, "One thing's for sure, people around here will do anything for their kids." The children grow to be adults who are, as a relatively new minister commented, "homebodies" who "want to stay here."

Bigville does not have the same sense of commitment to their children or school. For example, many of the educated people in town, or people whose children have gone on to college, complain about the academic quality of the education their children received. One professional, with several children in college, echoed the sentiments of many by saying, "They were not well prepared." Another couple also described resentful children, "Our kids said we didn't do them any favors, living in a small town and sending them to a small school...they felt they weren't prepared for college at this school. And, they weren't told what to take ...the kids don't get the guidance or the preparation they need to compete." The agreement about the lack of college preparation on the part of the college-bound and those who are concerned about the community indicates that Bigville residents are more committed to the individual success and status of their children than the welfare of their home community. Unlike Smallville's small school with large community support, Bigville's school does not integrate children into the community by involving them as citizens in building social capital. The professional unhappy about his children's education said, "They won't come back here."

school consolidation is a matter of economies of scale

Discussion

Smallville is tightly integrated and the community's commitment to the school builds social capital that has helped support other village institutions. A tradition of community collective action has developed accepted techniques for handling controversy, gathered support for controversial issues such as high taxes, and raised residents committed to their provincial but democratic community. "Other towns think they're better than we are because we're small, but we're also closer knit because of our size. Everybody's willing and everybody works to better our community. It depends on what you put into it," said a retired farmer.

Bigville, with more people and resources, does not inspire collective action. Little social capital is developed even for the issues everyone agrees are problems. Said a farmer there, "See, they all compete around here. No one works together." Yet, it is Bigville which favors school consolidation with Smallville, which resists with increasing collective ingenuity. Smallville has not needed intercommunity cooperation, and is concerned that the county's size-hierarchy will once again work against them: "We're out in the boonies here. Like if the electricity goes out, Smallville is the last town to get it back." For Bigville, school consolidation is a matter of economies of scale, and because its intracommunity cooperation is minimal, little is lost by intercommunity cooperation, particularly when size is on its side. In contrast, Smallville's ability to generate intracommunity collective action does not transfer to the intercommunity-level because it depends on face-to-face interaction and the tolerance emerging from commitment built among people (Schwartz, 1987). "We all take care of ourselves, but if someone needs us we rally around. But we don't cooperate with other communities very well," was the succinct comment made by a Smallville man.

It is ironic that the social capital from community involvement Coleman (1987) urges to reinvigorate neighborhood schools is exactly what is being undermined by state rural policies. According to a Smallville farmer, the state only urges mergers but is insensitive to local cultural issues. "The state pushes consolidation, but they don't really encourage cooperation."

Conclusion

Can communities act together? Internal interactional patterns affect their ability and motivation. A high degree of internal collective action to achieve goals seems to mitigate the desire or willingness to work for cooperation between communities. Obversely, those that do not act collectively internally, have less to lose and more to gain with intercommunity initiatives because they lack strong intracommunity ties. However, Smallville is the community with the social capital, built on strong ties, that assure social continuity. Furthermore, because the historic size hierarchy has inhibited cooperation within the county, cross-county programs stand a better chance of success.

Some defacto cooperation between communities occurs already, such as the senior citizen meals for both communities being served in Smallville's restaurant, and the volunteer ambulance. The Smallville schools, however, are both symbols of community identity and the foundation of village social capital. Working together to maintain that focus has produced a community that does not see itself as having social factions because everyone feels the need to pull together. Thus, the Smallville community has a center (Varenne, 1977), unlike Bigville, where social capital is not developed in any community-wide institution.

From far away, policies that mandate neighboring or triage seem well-intentioned and logical. When size and economics are the criteria for triage, non-quantifiable factors such as intercommunity rivalry and intracommunity social capital are ignored. When the size hierarchy is the only measure taken into account in state-level community development plans, villages that may have the social capital necessary for survival are asked to sacrifice their integration, identity, and cohesion, receiving little of value in return. Small wonder they are resistant and uncooperative with nearby rival communities and professional planners.

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Institutional Diversity and Rural Development in America

An Institutionalist's Approach to Rural Studies

Ronald J. Oakerson*

My purpose in this paper is to sketch an institutionalist approach[1] to rural studies in America. I shall examine three basic questions:

(1) What is the distinctive character, if any, of rural institutions?

(2) How can we explain both (a) the diversity of rural institutions and the (b) diverse institutional capacity of rural communities?

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[1] Institutionalism has recently reemerged as a promising orientation to research in the social sciences. The "New Institutional Economics," as pioneered by, among others, Oliver Williamson (1985) and Douglas North (1981, 1986), has brought a fresh perspective to the study of economic organization and history. Among students of rural communities prominent institutionalists include A. Alan Schmid (1987) and Daniel Bromley (1989), both agricultural economists. Institutionalism has also been reborn in political science and public administration, through the efforts of Charles Lindblom (1977), Elinor Ostrom (1990), Vincent Ostrom (1989), and Aaron Wildavsky (1979), to name only a few. While the new institutional economists focus largely on an understanding of private-sector organization, the new institutional political scientists apply a similar mode of analysis to the study of public-sector organization. What is emerging on an interdisciplinary basis is an increasingly well integrated and systematic approach to social inquiry and policy analysis having in common a theme of institutional analysis and design.

(3) What are the implications of institutional analysis for rural policy?

Institutionalists are interested in how rules affect patterns of interaction among people and how people build rule configurations--called institutions—that are adapted to problematic situations. All patterns of social interaction occur in the context of institutional constraints and opportunities as well as in the context of physical and technical constraints and opportunities. The way institutional factors combine with physical and technical factors is a key consideration in understanding how individuals interact in various social situations. As political and economic development occurs, societies tend to build complex institutional arrangements in a nested structure that enables them to use institutions at one level to modify institutions at other levels of organization. Multiple levels of analysis are important to understanding how such complex institutional arrays are put together, and how, in some circumstances, they fail to perform as expected. The study of institutional failure and reform is a significant component of an institutionalist approach to social inquiry. Applied institutional analysis depends on being able to address specific problems as cases of institutional weakness or failure and to offer guidance on how to ameliorate problematic conditions.

Rural Communities and Natural Resources

From an institutional perspective, rural communities can usefully be understood as those whose institutions are closely tied to the direct use or extraction of natural resources. The nature of the resource base, as well as the conditions of its use or extraction, are factors that discipline the development of basic rural institutions. The character of a rural community is intimately connected with the natural resource base on which it depends. This relationship is different from that of urban communities. While the urban character is more directly shaped by patterns of communication, commerce, and industry,[2] the rural character is more directly shaped by mountains and soil, water and trees, minerals and open spaces—as well as by the technology available to develop or to mine these resources. For this reason, the study of rural institutions, unlike urban institutions, is rooted in the study of natural resources.

Rural studies is not, however, synonymous with resource studies. Like the urban field, rural studies are concerned primarily with people and their interactions as they form a pattern of settlement. The human ecology relevant to rural institutional studies is concerned with the linkages between patterns of human interaction and the physical conditions of resource extraction and use. Although the context is a resource base, the focus is on people and their relationships.

The diversity of rural institutions is closely tied to the diversity of resources and the way in which diverse resources combine to form a resource base. The principal natural resources that form an economic base for human settlement are land and its vegetation (together with climate), water (in relation to land), wildlife (in relation to land or water), and minerals (together with topography). Each resource is fundamentally distinct. Land is fixed; water flows. Minerals are non-replenishable and therefore must be mined if used at all, while land, water, and wildlife are replenishable and can therefore be maintained and developed, not merely used or harvested. This does not mean, to be sure, that land, water, and wildlife cannot be mined. The rudimentary distinctions between resources that stay put and those that flow or move about and between mining a resource and developing or maintaining a resource are important variables in the explanation of institutional diversity.

The specific time-and-place configuration of a particular resource base always consists of some combination of the basic resource types. Rural development tends to be associated with an increasing heterogeneity of use patterns, drawing on a greater range of the values associated with the full resource base (i.e., using more of the resource potential). Mixed use of a single resource as well as different uses of related resources can increase the value derived from a resource base, thus promoting economic development. At the same time, mixed use may require trade-offs among competing uses and can engender conflict among users.

Like the urban field, rural studies are concerned primarily with people and their interactions as they form a pattern of settlement.

Rural communities in the U.S. embrace a considerable variety of resource bases and associated patterns of economic activity. Included, at a minimum, are coastal fishing communities, forestry communities, grazing communities, agricultural communities of various sorts, mining communities, and a variety of recreational communities. Each type of community is institutionally quite different. Although dependent to some extent on market institutions, all have developed distinctive nonmarket arrangements that create a rural public economy with varying structural characteristics. Intermixed with local institutions to manage resources are other institutions to provide basic public goods and services—schools, roads, and fire protection, among others. The provision of local public goods interacts, in varying degrees, with the management of local resources, lending to rural communities a type and degree of complexity lacking in urban areas.

In a basic sense, however, the resource base of a rural community is shared in common, whatever the institutional configuration may be. At the most fundamental level of analysis all natural resources are common pool resources—a commons. The generic problem of the commons is how to share a resource base, while arranging for its economic and equitable use, when one person's use of the resource base affects its potential for use by others.[3] By the same token, all institutions are fundamentally public in character. Institutions that we consider to be private are derivative from a private property regime that is publicly defined. One of the many publicly defined ways to organize the commons is physically to partition it—as to divide land into private parcels. Defining a property line, however, can never eradicate the underlying interdependencies between neighboring parcels of land, even when a fence is used to separate one pattern of land use from another. In the case of other resource types, property lines and fences may be infeasible for technical reasons, and rural communities come to rely on other institutional devices to partition diverse uses and/or users from one another while acknowledging and, when appropriate, controlling for remaining interdependencies. Separating the separable while linking the inseparable is the dual task of institutions everywhere.

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[2] Perhaps the best account of the character of urban life from an institutionalist perspective is found in the work of Jane Jacobs. See especially, *The Death and Life of Great American Cities*.

In addition to institutional diversity, rural communities are also characterized by diverse institutional capacity. In this context, institutional capacity is concerned, at an operational level, with the ability of a community to sustain joint action by its members, or to sustain individual actions taken with due regard to social consequences. The ability to act collectively and/or to act individually but with regard for collectivity—this and no more is the defining characteristic of institutional capacity, which has no necessary connection to the capacity to engage in large-scale organization or to sustain a professional administrative cadre. Rather, institutional capacity is simply the ability of people who compose a community, defined by the relationship of its members to a common resource base, to act jointly or with reciprocity—taking their shared interests into account. This ability is, however, the necessary condition for a community to avoid the "tragedy of the commons," that is, the misuse or wanton destruction of its shared resource base.

Institutional Diversity and Diverse Institutional Capacity: Three Rural Examples

Maine Lobster Fishing Communities

A traditional economic analysis of lobster fisheries along the coast of Maine, based on data about harvesting costs, quantities harvested, and average market prices, concluded that the common-pool problem among fishermen led to over-harvesting that resulted in a lower market price than could be obtained with less production (Bell 1972). On this basis, the recommended policy prescription was "government regulation" to reduce production. Institutionalists have approached the same problem much differently (see Schlager and Ostrom 1987). Lobster fisheries are common-pool, open-access resources. Lobsters, however, unlike schooling fish, are relatively sedentary creatures that inhabit localized inshore areas. The principal instruments of production are boats and traps—separable elements subject to individual possession and use and forming a basis for a large number of small private operations. Yet, the physical infrastructure required to engage in fishing includes a harbor—a common facility. Common use of a harbor is associated with common use of nearby fishing grounds, which can easily be monitored on a daily basis by the community of fishermen.

The common-pool nature of the resource is matched by local rules that control fishing effort: The community develops and enforces rules pertaining to fishing technique and gear that positively affect the size of the harvest. The open-access nature of the resource is matched by local practices that deny access: Each community defends its fishing grounds against outsiders by (illegally) cutting the traps left by intruders. By these means, a common-pool, open-access resource can be governed as a common-property institution, subject to joint management by the local community of resource users. Without institutional inquiry, traditional economic analysis presumes that open access prevails. Moreover, the prescription of government intervention was based on a rent or profit dissipation argument, not on a threat to the fishing stock. Lobsters were actually being harvested at a sustainable level, although not at the restricted level of production that a rational monopolist would select (Bell 1972). The institutionally relevant conclusion is that the resource base was successfully being maintained.

California Irrigation Communities

Irrigation-based agricultural communities such as those found in the Central and San Joaquin Valleys of California present a different story of institutional capacity. An irrigation community, in which a number of farmers develop, maintain, and use a common irrigation facility, must organize to overcome many of the problems associated with a common-pool resource. Agricultural land is separable, subject to private ownership, but the irrigation system on which agriculture in these areas depends, including both the physical facility and the water that flows through it, is common to a community of farmers. Numerous collective problems have to be addressed, such as the construction and maintenance of facilities and the allocation of water to irrigators (Tang 1989). Although assisted in many cases by state and Federal water projects, local communities must, nevertheless, act jointly to build and maintain an elaborate infrastructure of wells, dams, levies, canals, groundwater recharge facilities, and drainage systems, utilizing both groundwater and imported surface water. On this institutional/infrastructure/resource base, highly prosperous agricultural communities have been developed in the absence of reliable rainfall.

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[3] The classic example of a common pasture (Hardin 1968) illustrates both the nature of the problem and its basic, formative character in a rural community.

Appalachian Coal Mine Communities

Coal mining communities in Appalachia tell still a different story, one related to institutional incapacity. Coal reserves are separable and subject to private ownership. Coal mining, unlike fishing, requires highly coordinated operations and is organized by firms, which build and own the principal infrastructure—a mine—and employ wage labor to operate it. Mining operations feature high levels of internal coordination, but little coordination between mines. Although coal mines were once mainly underground facilities, surface mining became technically and economically feasible following World War II, greatly reducing the cost of infrastructure. The structure of the industry shifted from a smaller number of large underground operations in fixed locations to include a larger number of smaller surface operations that moved about.

> . . . institutional capacity is simply the ability of people who compose a community . . . to act jointly or with reciprocity . . .

The 'commons' problem associated with the resource base manifests itself in the external effects of coal mining on the surrounding community and its environment, especially in the case of surface mining. Streams have been polluted, soils and groundwater contaminated, public highways battered by coal trucks,[4] scenic vistas destroyed, and nearby homes rocked by blasting. Those persons directly or indirectly involved in coal mining realize a measure of prosperity, often short-lived, while the rest of the community is left to endure both short-term and long-term social costs. Traditional economic and political institutions proved to be inadequate to cope with these circumstances, resulting in protracted and sporadically violent conflict and inevitable human tragedies (Caudill 1963).

An Institutional Analysis Framework

Institutional capacity obviously varies from one community to another. Some communities might even be characterized as institution-rich, while others are institution-poor. Creating institutional capacity is not a simple matter of duplicating the same proven institutions in one place after another. The resource-base diversity of rural communities requires institutional diversity to match. Thus, the problem of institutional capacity is much more subtle than learning what works, then reproducing it elsewhere. Instead, what is required is a capability for institutional analysis that can be applied across a wide variety of circumstances, and for institutional design that can take account of diverse conditions. What is needed is not imitation, but artisanship.

An analytic framework, or heuristic model, has been developed that can assist in analyzing the institutional relationships that attempt to link rural communities in productive ways to their resource base (Oakerson, forthcoming). Based on the pioneering work of Vincent Ostrom (1973, 1989), the framework is now being used to address rural development problems in other parts of the world.[5] The framework consists of four principal elements:

(1) The structure of the physical world plus the technology available for extracting or directly using its resources. The principal focus is on the elements of separability and inseparability inherent in the physical configuration of a resource base.

(2) Institutional arrangements—consisting of rules that specify who decides what in relation to whom. An institution (or institutional arrangement) is a specific configuration of rules.

(3) Patterns of interaction or behavior among people in a community—derived directly from the mutual choice of strategies by individuals in a social context.

(4) Outcomes or consequences—how the values associated with human communities are affected by patterns of interaction. Outcomes at one point serve as a fund for future activities.

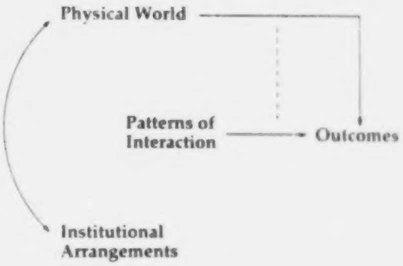

Figure 1.
A Framework for Institutional Analysis—Operational Level.

These four elements are related as shown in Figure 1. Individuals make strategic choices in view of (1) the nature of the physical world in which they are located and (2) the institutions or rule configurations that specify authority relationships. Strategic choice implies that individuals take into account the expected choices of others. Outcomes derive from the interactions of individuals together with the nature of the physical world. Institutional arrangements supply "soft" constraints that depend on human discretion to have an effect, and therefore affect outcomes only indirectly through patterns of interaction, while the physical world imposes "hard" constraints that directly affect outcomes. The relevant outcomes, or consequences, are measured by the values that people bring to their endeavors. No assumption is made that only monetary values are important, or that all values can be measured on a single scale, such as utility. Outcomes at any point in time either add to or subtract from a fund of natural and artifactual resources that compose the 'common-wealth' of a community.

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[4] The highway problem associated with coal-hauls that originate mainly from surface mines presents an interesting institutional puzzle. See Oakerson (1981).

[5] The framework was used to analyze a series of case studies on common property resources around the world in an effort organized by the National Academy of Sciences (1986). Currently I am involved in an effort to apply the framework to the analysis of agricultural privatization programs in Cameroon.

Institutions affect behavior by structuring the alternatives available to individuals and groups and by creating incentives and disincentives to choose one alternative over another. If a particular pattern of behavior is necessary to sustain a resource base, an institutional analyst is interested in the incentives required to sustain that pattern of behavior, or, conversely, in the incentives that contribute to undesirable behaviors. Alternative institutional arrangements can be assessed in view of their ability to offer appropriate incentives. The more complex the pattern of behavior required to achieve desired outcomes, the more diverse is the required mix of incentives, and the more complex an appropriate institutional arrangement is likely to be. Institutions create incentives, however, only in combination with the constraints and opportunities generated by the structure of the physical world. It is the goodness of the fit between institutions and their physical environment that shapes incentives, which in turn affect behaviors, which yield more or less preferred outcomes. The institutional fit is judged by the incentives it creates.

Institutional analysis does not stop, however, with the effects of alternative institutional arrangements; we are also interested in the creation and modification of institutions—from a normative standpoint, in institutional design—and in conditions that are conducive to or facilitative of institutional innovation and adaptation. Some of the conditions associated with the creation of new or modified institutions derive from the structure of the physical world. Institutional innovation, like most other sorts of innovation, responds to need, and need is rooted in the nature of the resource. Of critical importance is the immediacy of the need. Lobster fishermen feel the impact of a declining harvest rather quickly after limiting conditions on use of the resource are exceeded. Likewise, farmers quickly feel the impact of a water shortage. But coal mine operators feel no immediate threat to their enterprise from adverse effects on soil, water, and community life; indeed, the opposite may hold—it is control of those effects that is found to be threatening. Similarly, farmers who mine their soil are rewarded in the short term for actions that punish future generations.

The way in which nature rewards and punishes the use and misuse of a resource strongly affects individual and group incentives to develop institutions that can address resource management problems. Mining a resource is a much more straightforward economic problem than developing or maintaining a resource. The mining of coal in Appalachia historically ignored interdependencies among land-uses because coal mining itself can best proceed by simply externalizing those costs. Efficient mining per se is well served by single-minded economic organizations that ignore external effects.[6] By contrast, fishing villages and irrigation communities are highly dependent on being able to control external effects. They seek to internalize externalities and, therefore, develop a richer set of institutions than mining communities.

Over time, a developing community builds an institutional infrastructure that closely parallels patterns of resource development, as well as patterns of physical infrastructure development—harbors, roads, canals, and wells. As development proceeds, the resource base is matched by an institutional base. Students of rural problems need to have a detailed knowledge of the existing institutional base and how it relates to the resource base. Institutional infrastructure is as much a part of a development base as physical infrastructure and natural resource endowments. New institutional development is a function of both the resource base and the institutional base.

Combined with the nature of the resource, existing institutions also facilitate or inhibit the formation of new or modified institutions. Only in the mental constructs of social contract theorists, who invent a state of nature as a device for explaining the formation of institutions, do people create institutions without an existing institutional base. Complex societies in fact develop specialized institutional arrangements in order to facilitate the creation of new institutions. Some institutions serve a constitutive function in relation to operational institutions that directly organize those behaviors that lead directly to welfare outcomes. This implies a need for at least two levels of analysis to deal with (1) the creation and modification of institutions and (2) the performance of institutions.

Frequently the constitutive rules that apply to particular types of resources (or to particular types of services or problems) are also derivative from rule-making processes that are in turn derivative from some more fundamental set of rules. In other words, institutional arrangements are often nested inside other institutions, which are nested inside still other institutions. Each larger, more inclusive institutional set serves a constitutive function with respect to those nested within it.

Thus, we can distinguish a second level of analysis, shown in Figure 2, that examines the way in which (1) the nature of the resource base together with (2) constitutive institutions affect (3) patterns of interaction among public entrepreneurs who create (4) operational institutions. Constitutive institutions at this level can be considered policy regimes—rules used by policy makers to enable and constrain public entrepreneurs in forming operational arrangements. Resource policy, rather than a set of instructions to be implemented, takes on the character of an institutional arrangement, one that es-

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[6] Except where the resource being mined is not easily separable among mining firms, e.g., oil. See Libecap and Wiggins (1985).

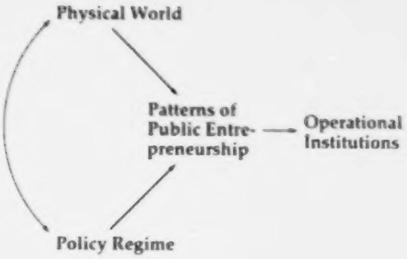

Figure 2.
A Framework for Institutional Analysis—Constitutive Level.

tablishes the terms and conditions under which resource users and others are authorized to act, both individually and collectively. Policies that do not allow for the creation of appropriate operational institutions tend to face daunting problems of implementation. But the problem is not simply the failure of some persons to carry out the decisions of others; it is, rather, a failure of institutional design—a failure to create the appropriate institutional conditions for a productive course of decisions to be sustained.

Policy regimes, in turn, are a product of political interactions, constrained, as before, by the nature of the physical world and the more general structure of political regimes in a society. This introduces still a third level of analysis—one that we would usually associate with "policy making." The institutionalist view, however, leads us to think of policy choice as institutional design—as a choice of rules. Policies are simply more specific institutions created and nested within more general institutions. Policy-making is the continuation of institution-building by another name. In this view, policies are not expected to determine individual choices, by enacting and enforcing a set of instructions, but to create an institutional process that, through the interactions of people constrained by rules, generates preferred outcomes.

Policy Regimes in Rural America

Policy regimes, like political regimes more generally, allocate authority among persons and groups. A private property regime capable of sustaining a market is one example of a policy regime. Another is a bureaucratic regime, one in which operational structures are administratively determined, as opposed to being created through a contracting mechanism as in a market. The range of possibilities, however, is much greater, and more varied, than can be captured by a simple market-versus-hierarchy dichotomy. Although many leading institutionalists have focused on markets and hierarchies as polar types (Lindblom 1977; Williamson 1975), others have stressed the variety of institutional arrangements that can be created in conjunction with the variable structure of resource bases and associated economic activity (E. Ostrom 1988). Consider once more the three illustrative rural communities sketched above. Each is associated with a distinctive "non-market" policy regime that has either facilitated or inhibited the development of effective operational institutions.

The Fisheries Case

The operational institutions created by resource users in the Maine lobster fisheries are often at odds with the policy regime established by the State of Maine to govern the resource (Schlager and Ostrom 1987). The necessary discretion to operate these local fishery management institutions is created not by law, but by the high enforcement costs of laws that would prohibit fishermen from managing the resource. Maine fishermen do not enjoy property rights in lobster fisheries; instead, the resource is owned by the state. The regime created by the state allows anyone to gain access to the resource by buying a license. Outsiders who enter particular fishing grounds are not trespassers, but legal resource users who hold a license from the state. Resident fishermen who cut the traps left by outsiders commit a crime. Other rules pertaining to limits on gear or catch cannot be enforced in the courts. To the extent that the state is able to enforce its laws, lobster fishing communities are disabled from managing the resource that sustains their livelihood and their distinctive way of life in order to avoid the "tragedy of the commons."

Viewed against this institutional background, it is ironic that more orthodox economic analysis suggests "government intervention" to compel lobster fishermen to restrain their use of the resource. The institutional analysis implicit in this recommendation is as follows: First, assume that the state owns the resource; second, assume that individuals have no incentive to manage the resource; third, impose state regulations in order to manage the unmanaged resource. The first assumption—state ownership—excludes any recognition of a legitimate community of interest in the resource base on the part of particular communities of users—despite historic patterns of use that extend back in time for generations. The second assumption ignores incentives, created by the pattern of resource use, to create and sustain institutional arrangements that allow for local collective action. Individual fishermen quickly feel the adverse effect of unrestrained harvesting. If the costs of organizing themselves collectively are not too great, they have every incentive to do so. The state's policy regime actually raises the costs of local collective action, and, thus, reduces individual incentives to create collective arrangements among themselves to control use of the resource.

An alternative policy recommendation would be to extend legal recognition of the historic interest in nearby fishing grounds to fishing communities. This step was in fact taken in one case.[7] The "police power" of the state then becomes available to enforce local rules, reducing the costs of local collective action. The predominant orientation of both state and Federal courts, however, has been not to extend this sort of recognition in the absence of an explicit statute to the contrary (Johnson and Libecap 1982). The basic property rights regime in effect has been one of implied public domain and state ownership to the exclusion of the proprietary interests of fishing communities. In the case of Maine in-shore lobster fisheries, the pattern of resource use has allowed a significant degree of collective organization, even in the face of an indifferent and sometimes hostile policy regime.[8]

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[7] The case is that of lobster fishermen on Monhegan Island. See Acheson (1975) p. 191.

The Irrigation Case

California farmers are able to create local irrigation districts that exercise limited public powers under state statutes, including limited police powers, limited power to tax, and eminent domain. Thinking of irrigation districts as "single-purpose" organizations, however, is somewhat misleading, for such districts also serve a variety of other purposes, such as to provide a local water supply for non-agricultural uses, regulate groundwater use, manage a conjunctive-use water system (one that integrates surface-water and groundwater), and to build and maintain related physical infrastructure. In many cases, irrigation districts in California are better viewed as *rural water agencies*, in a context in which water is a key element of the resource base and water management, a key problem.

Irrigation districts are simply one type of local public body among a large array of local districts and agencies that can be created at local discretion to address water-related problems in California. This permissive state legislation is the basic element in a policy regime that is highly facilitative of local collective action to provide irrigation to a community of farmers and address related water problems. The initiative required to create an irrigation district is local, as is the necessary consent, usually given in a referendum. The institutional device of state enabling legislation combines a reliance on local initiative with collective-choice rules that decrease the costs of organizing to undertake collective action. Once created, the district exercises its statutory powers as an autonomous public body, with little or no bureaucratic oversight. The water policy regime in California also includes authorization for state water agencies, with an emphasis on the large-scale development of surface water and water transport, alongside the development of information about water supply problems. State agencies are not oriented toward displacing local initiative and local consent, but toward building a productive relationship with local agencies. Unlike Maine's fishing communities, California irrigation districts have recognized legal standing and are therefore able to defend their interests in court. Conflicts among local communities and state and local water agencies are often resolved in state courts, unless some new problem requires additional legislation to adjust water rights, authorize the exercise of additional public powers by state or local agencies, or authorize the creation of a somewhat different type of water agency with differently circumscribed powers.

Until quite recently, farmers in the heavily irrigated San Joaquin Valley have largely been able to follow a strategy of mining local groundwater resources. If this strategy continues to be pursued, they will increasingly be subject to water shortages. Although they confront a serious institutional problem, they do so in a rich institutional context—in a state where a number of local communities have been able to solve serious groundwater management problems at local initiative (Blomquist and Ostrom 1985; Blomquist 1988-89). As local farmers begin to pay the high price of groundwater overdraft exacted during drought years, they will have clear incentives to adopt new rules restricting the use of groundwater—if the transaction costs of local collective action are not too high. The latter depends on the availability of public entrepreneurship, which in turn depends on the design of the policy regime. An institutionally rich environment is more likely to be rich in social capital, established relations of trust and reciprocity (Coleman 1987), which reduces transaction costs, and rich in public entrepreneurship, which implies a willingness to accept the risk of assuming the reasonable short-term costs of working out productive long-term relationships.

Each community defends its fishing grounds against outsiders by (illegally) cutting the traps left by intruders.

The Coal-Mining Case

Coal-mining is carried on by private firms, which either own or hold leases to coal reserves. Those engaged in mining hold secure and defendable property rights to underground coal reserves. So-called broad-form deeds, executed around the turn of the century, separate surface rights from mineral rights and include an unencumbered right of access to the holder of the mineral rights. The incentives of Appalachian coal miners are radically different from those of irrigators in California and lobster fishermen in Maine. Each mining operation proceeds largely independently of another. Mine operators have no direct incentive to contribute to the formation of institutions designed to address the underlying physical interdependencies associated with this type of resource extraction.

Coal mining, particularly surface mining, is the subject of extensive regulation by state and Federal governments in order to control external effects. Unlike the fisheries case, government has intervened directly;

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[8] The effect of the nature of the resource and the available technology on this organizational activity can be seen in the differences among fishing communities along various parts of the coast, especially following the introduction of motor boats after 1920. Motor boats made it easier for fishermen to invade fishing grounds claimed by other communities. Open water grounds that overlie deep bays along the more jagged southern coast were also more difficult to defend. These areas now tend to be fished by men from various harbors. But along the northern coast, where there are fewer bays, harbor communities have successfully defended their territory. See Acheson (1975) and Wilson (1977).

unlike the irrigation case, there is no enabling legislation that would facilitate local collective action to address the neighborhood effects of coal mining. Members of the community must rely on the discretion of bureaucratic regulators to obtain enforcement of rules designed to protect the shared interests of the surrounding community. Uniform regulations are written to apply in all situations, then applied to individual circumstances by bureaucratic agents of state and/or Federal governments. Local citizens must depend on external decisionmakers to write rules and enforce them. Problems that develop locally must fit within the administrative categories used to define required and prohibited actions if enforcement action is to be taken. If administrative agents use their discretion narrowly, many local problems may fall outside the scope of regulatory activity.

External regulation of local interdependencies is an institutionally preempting, rather than an institutionally enabling, policy regime. It deprives local communities of the discretion to be able to address their own problems and, in the process, deprives them of the opportunity to develop productive local institutions. Instead, it creates a relationship of dependency, in which individuals in the local community depend on external authorities to solve their problems for them. Local institutional capacity, instead of being developed over time, is stunted. Even if external regulation is relatively successful, and results in improved local conditions, the institutional effect is still to diminish the local institutional capacity on which community development depends. Local problem solving stimulates further local problem solving because it creates social capital—relationships of trust and reciprocity among people. External regulation sets up a rigid set of administrative criteria and regulates behavior according to these criteria. It solves, at most, one set of well-defined problems. It does not solve the more ill-defined problems, nor the related but excluded problems, nor the unanticipated problems.

A more facilitative policy regime in the case of coal-mining communities would begin by redefining property relations. The key is to modify the incentive of mine operators so that they seek to accommodate the interests of others in the community. One approach is to change the legal status quo from one that allows coal mining, subject to *ex post* legal action, to one that disallows coal mining without *ex ante* legal action. A coal mine's neighbors—including, of course, owners of surface rights—already have a property right in the reasonable use of their own property, but the right can only be claimed *ex post*. Mining already does require, however, an *ex ante* action—the issuance of a permit. This action might be conditioned on satisfying some requisite number of local and regional (including state) interests, represented by various state and local agencies and associations (e.g., a groundwater protection agency, a stream pollution agency, an air pollution agency, state and local highway agencies, and an ad hoc association of neighboring landowners). Opening a coal mine would then be contingent on the negotiation of agreements with various community representatives—some quite local, others less so. Such an agreement would specify the specific obligations of coal operators and others and would be enforceable in court. The negotiating process might be facilitated by authorizing coal operators to seek an equitable remedy in court, so that a judicial determination can be made if agreement cannot be reached.[9] In this way, no set of interests in the community would be free to hold out from the negotiation process and thus block the operation of a coal mine entirely. Such a policy regime would be likely to stimulate the creation of local institutions that would promote productive relationships between coal operators and other landowners. Local problems would be given local solutions. Solving one type of problem would be apt to lead to efforts to solve others.[10]

Other Potential Applications

My focus on three limited examples should not obscure the general applicability of institutional analysis to rural problems. Each and every rural community has a distinctive natural resource base and an associated institutional base. One could just as easily use as examples the Columbia River Gorge and the Mississippi Delta, sites for the first two meetings of the National Rural Studies Committee. The Gorge is the recent subject of Federal legislation creating a new policy regime (Hansell 1988) that tends to be preemptive rather than facilitative of local collective action. What will be its impact on local institutional development? The Delta, with a history rooted in the institutions of tenant farming, sharecropping, and plantation agriculture, all tied to the requirements of growing cotton, may offer an example of an institutional base that is inadequate to sustain more inclusive forms of community development.

The Federal policy regime related to soil conservation among agricultural communities throughout the U.S. was recently modified (see the Food Security Act of 1985) in view of apparently widespread mining of topsoil by American farmers. This is a problem that needs to be analyzed carefully using an institutionalist framework. What are the incentives of farmers acting separately to engage in soil conservation? On what scale must collective action occur for farmers, as a group, to support better soil conservation? Is external regulation a feasible solution? What role can be played by existing soil conservation districts?

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[9] This is much the sort of procedure often used to resolve conflicting claims and obligations in California water law. See V. Ostrom (1971).

[10] An urban/suburban analogy can be found in the sort of process associated with new commercial and residential development, involving zoning agreements, infrastructure agreements, and, more recently, impact fees. Especially in suburban areas, many which are rapidly growing, the process may involve negotiated agreements with a number of local public agencies, including both municipal and county governments, perhaps a sanitary district and a water district, maybe a fire protection district, or even a school district.

Increased demand for outdoor recreation offers rural communities a number of economic opportunities while posing great challenges. To what extent does the American "national park" model offer an adequate institutional arrangement for addressing the inherently local problems associated with the development and maintenance of natural resources for outdoor recreation and local settlement? Are there alternative institutional arrangements that would allow for a much greater local role in collective decision-making? How might a policy regime be designed to encourage more responsible local management and preservation of open space, vegetation, wildlife, and scenic beauty?

Rural Public Economies

Rural institutions are not concerned solely with the management of a resource base. Rural communities also require roads, schools, police and fire protection—an array of local public goods and services that, in general, cannot be provided through a private economy, but depend on the organization of a public economy. Rural public economies have to be organized both to manage a complex resource base and to provide the local public goods and services associated with nearly any pattern of human settlement.

One distinguishing feature of rural public economies is lower population densities. Lower densities tend to be associated with (1) lower demand for public goods and services and (2) higher per unit costs of production. The demand for local public goods and services is positively related to population density. In Wisconsin, for example, towns—a predominantly rural unit of local government—spend on the average roughly 35 percent of what villages spend, and 25 percent of what cities spend.[11] Wisconsin is a particularly interesting case to examine because of shared revenue formulas that equalize tax bases across most local jurisdictions. Lower spending in Wisconsin towns is not due to a lower tax base; the difference observed is not a wealth effect. Instead, it may be attributed to differences in the conditions of community life that give rise to demand for services. At the same time, however, the per unit cost of production for many local public goods and services tends to be higher in rural areas—again because of low population density. School transportation costs, for example, calculated per student transported, can be expected to increase as the total distance traveled to pick up a bus-load of students increases. The cost of a police or fire unit response per call similarly can be expected to increase the greater the travel time. Traditionally, rural communities have responded to higher costs of production by relying to a much greater extent than urban communities on citizen production of public services—volunteer fire departments and ambulance drivers, part-time sheriff's deputies, and part-time local officials who manage local government affairs in addition to working a full-time job.[12]

Some aspects of service provision, however, may be closely tied to the use and management of a resource base in rural communities. Demands for service may not be as homogeneous as one might imagine. Fire protection in a forest area, police and emergency medical service in a recreational area, "farm-to-market" roads in an agricultural area and "coal-haul" roads in a mining area, and residential water supply in an irrigation area—all are examples of interdependencies between traditional categories of service provision and aspects of resource use or management. Often, the predominant service demand is resource-based. In some cases, the resource-based demand is complementary to other demands, but in other cases, the demands are competitive. Problems arise in proportioning costs and rationing scarce supplies among a heterogeneous community of service recipients.

The state-level policy regimes that provide the institutional arrangements available to rural communities for the purpose of organizing a public economy vary dramatically from state to state. Wisconsin, again, relies on "towns," which function much like New England towns, including the use of town meetings. Villages may also be created in rural areas—at local discretion—to organize somewhat more concentrated and dense settlements. The purpose of creating a village, which then withdraws from town jurisdiction, is to respond to a somewhat different level of demand for local public services. Both towns and villages are municipalities, but towns can be viewed as a "default" unit—the operative unit of local government in the absence of action to the contrary—and villages as a unit deliberately created by local people to make separate provision for local services. School districts also tend to be community-based. Counties, in rural Wisconsin, are secondary units of local government that overlie towns and villages. West Virginia, by contrast, like most southern states, relies on counties as the basic unit of government in rural areas. Only by creating a municipality—the equivalent of Wisconsin villages—can local people supplement the county as their basic unit of local government. School districts in West Virginia, also like much of the south, are countywide units.

Local problem solving stimulates
further problem solving . . .
because it creates social capital

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[11] In 1986, towns spent an average of $177 per resident, while villages—representing a mixture of rural and suburban localities—spent $514 per resident, and cities spent $681 per resident. Calculated from population and expenditure data in Wisconsin Department of Revenue (1988).

[12] These patterns also characterize many suburban areas in which citizens have maintained small local governments. See ACIR (1988).

Counties are usually too large and too diverse to be considered community-based local governments.

The organization of a local public economy in public goods and services can be understood by distinguishing the provision of local public goods from their production (Ostrom, Tiebout, and Warren 1961; ACIR 1987). Provision refers to those decisions that aggregate preferences, while production refers to the process of combining inputs to make a product or render a service. The basic units in a public economy are provision units, corresponding to households in a private economy. The basic rules governing a public economy are those that pertain to the formation of provision units, for these rules determine the extent to which diverse communities are able to organize themselves to secure locally-demanded public goods and services. Each provision unit, like each household in a private economy, must decide whether to produce services in-house or to arrange for production outside—by a private firm, profit or not-for-profit, or by another local government, neighboring or overlying. It is important not to confuse provision issues with production issues. The appropriate boundaries for organizing a provision unit may or may not correspond closely to the appropriate scale of production for specific goods and services.

Much of the commentary I have read on local governments in rural America is concerned with issues of jurisdictional consolidation. These issues need to be very carefully scrutinized. Presumed economies of scale in the production of labor-intensive public services often simply do not exist. On the provision side, consolidation may serve to further weaken community ties that may already have been strained by economic hardship. The most important standard to apply to a provision unit is that it represent a coherent community of interest. Widespread consolidation of rural local governments, including school districts, may degrade rural institutional capacity in the sense of a capacity to engage in local collective action. The greater challenge is faced in those states that lack an existing community-based infrastructure of local governments. Rural development, if tied to the more diverse use of a given resource base, is apt to require a more highly differentiated, rather than a more highly integrated, local public economy.

Conclusion

At an operational level of analysis, rural institutions are concerned with enabling the members of rural communities to act collectively in order to derive joint benefits from a common resource base and provide local public goods and services as locally demanded. *The emphasis at this level of analysis is on the ability of local institutions to facilitate appropriate collective action.* One level removed, institutions that function as policy regimes are concerned with facilitating the formation, modification, and continuation of operational institutions. *The emphasis is on the ability of policy regimes to facilitate local institutional creativity within appropriate constraints.* Both levels of analysis are concerned with issues of institutional design. Both require public entrepreneurship—individual efforts, costly in terms of time and energy, to create or modify institutions or to obtain collective action.[1] Public entrepreneurship is exercised in the context of a variety of constraints, originating in both the nature of the resource base and in existing institutions.

Among the legitimate purposes to be served by a policy regime is an effort to constrain local decision-making to take account of broader communities of interest. This effort does not necessarily require, however, the creation of overriding bureaucratic arrangements that preclude local discretion. Unconstrained local decision-making is not desirable for a number of reasons. The effects of local action often extend beyond the local community; localities must often be able to act jointly to achieve some desired end; and the potential for conflict among local communities requires facilities for conflict resolution. Policy regimes are used to authorize local collective action and simultaneously constrain local collective action in view of widely shared interests. Where policy regimes tend to be facilitative, their creation is often dependent on local initiative, and modifications are made in response to local preferences and conditions. The basic political constraint on each locality, however, is to be able to take appropriate account of the interests of others.

Rural institutions are highly diverse—necessarily so, given the diversity of resource bases on which rural communities depend. Rural communities also exhibit diverse institutional capacities relative to the constraints and opportunities of a resource base. The importance of institutional analysis is to be able to understand the linkage between a resource base and an institutional base in a rural community and to suggest modifications as appropriate to changing circumstances. Policy regimes should be sought that can facilitate, not preempt and degrade, rural institutional development. From this perspective, the idea of "a national rural policy" emerges as an absurd concept, one that ignores the variable nature of that which is rural in America. Diverse policy regimes, for diverse problems, across diverse communities, to foster diverse institutions—diversity must be the watchword of institutional development in rural America.

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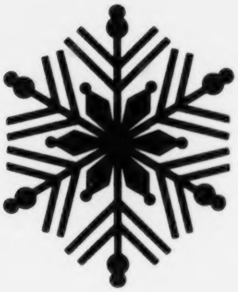
The Shape of the Center: Thoughts on Heartland

William Howarth*



The theme of our conference, "Rural Areas in Transition," gave me a surveyor's bearing for this paper. Since *transition* means "passing from one place, or state of being, to another," prepare yourselves for a passage. The place we are headed is the rural Midwest, both as it is—a land of prairie and plains, farm and range, the center of a continent—and as a state of mind: the heartland, a stable, enduring core of American ideals and values. Solid ground is also fertile; hence the Midwest has inspired a host of cultural images: Frontier, Middle Border, and Breadbasket. These have strongly shaped America's dreams but also roused its worst nightmares, of financial and environmental ruin.

I spent my youth in Minnesota and Illinois, so for me the Midwest is a landscape of self-definition. Whatever setting I come to occupy, that region remains my permanent home. Historian J. B. Jackson believes that landscape gives us a spatial language, the "vernacular" of trees and crossroads, natural or built forms that shape our sense of reality. To Jackson landscape is a synthetic space, arranged by design and accident into a frame for viewing. Writers tend to see landscape as a book, one that responds to close, attentive reading. Here is an example of that tradition, from N. Scott Momaday:

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> Once in his life a man ought to concentrate his mind upon the remembered earth, I believe. He ought to give himself up to a particular landscape in his experience, to look at it from as many angles as he can, to wander about it, to dwell upon it. He ought to imagine that he touches it with his hands at every season and listens to the sounds that are made upon it. He ought to imagine the creatures there and all the faintest motions of the wind. He ought to recollect the glare of noon and all the colors of the dawn and dusk.

Ask where the center of America is, and you elicit several answers. Butte County, South Dakota, is our geographical center, a fixed point where lines of latitude and longitude cross. We have a population center in Washington County, Missouri—but each year that point changes, drifting steadily southwest on a rising tide of birth and migration. We also have centers of power, culture, and commerce; yet not one of them remains a permanent locus, one deemed powerful and central. They are but temporary indicators of land and people, geographic symbols that briefly rationalize the flux of landscape history.

When Europeans first began to map North America, they created views on paper that were flat and two-dimensional. The continent was a great mass of land, vague at the north-south limits, but distinct on the east and west because of the coastal shorelines. These early maps were especially imprecise at the center, becoming formless where the continent was a vast, landlocked *terra incognita*, unpenetrated by cross-country travel.

The one disaster this natural system could not repel was the plow.

Five centuries later, many Americans still take this old-map view of their nation. They live on the coasts in tightly packed clusters, regarding the interior, if they think of it at all, as hinterland, remote and incidental. Airline passengers see the Midwest as "flyover country," a tedious stretch between dinner and movie when the scenery looks empty, "still nothing down there." At Princeton, my students struggle in vain to name and locate the Central states, referring to them only as "those square-and box-shaped ones."

These children of the coasts might have learned the continent better from LandSat imagery, for pictures shot from orbiting satellites invest the land with a crucial third dimension. *Depth* makes all the difference in how we see North America, providing elevation and relief, and with them, a compelling new perspective. Viewed from horizon to horizon, the continent becomes two thin, narrow coastal bands abruptly blocked by east and west mountains. These ranges form a steep, encircling rim to a vast central region, the wide bowl of plenty.

The center of North America is the end product of a long geological history that shaped this space with textbook efficiency. First came uplift, as the seas parted and a giant platform of continental granite arose, gradually lifting with it higher mountain ranges. Then erosion and deposition, wind and water spilling gravel and soil down from the heights into a broad catch basin, where the sediments settled in deep layers. Finally, glaciation, massive ice rivers that plowed and tilled this land, both gouging and smoothing it to create a complex relief.

A persistent myth about The Center is that it is flat and unvaried. In truth, it has a startling array of geographic forms, from river bluffs and bottoms to rumpled farmlands. It also boasts a variety of biological habitats. In the upper third lie the Great Lakes and the Mixed Forest of hard and softwood trees. Below lies the immense remainder, a Grasslands divided between prairie and plains. The shape and location of this Center defines its functions, and all are transitional. The Center provides a spatial link between Appalachians and Rockies, a geographic transition between green, moist country and the light brown of arid lands. The Center also spans time by connecting America's East and West, its past and future. This region has always offered a natural crossing ground, an ideal transit corridor for wagon trails, railroads, and highways. Its open, slowly rising land was easy to survey in trim one-mile squares, from which arose rectangular towns and counties, lands divided into crops or range, and zones of private or federal management.

Illusions about The Center exist mainly in the eye and inner compass of its beholder. As Walter Webb notes:

> The conventional view of the West is from the East, the direction from which the viewers approached it. The West should not be looked at from the outside, but from the inside, from the center. The West is concentric, a series of moisture circles extending outward from the arid, to the semiarid, to subhumid and finally to the humid land"

He is referring primarily to the Grasslands, which form North America's largest single biome, over 500 million acres that stretch from Saskatchewan to Texas and Ohio to the Rockies. That region is my focus, and I will follow its usual division into prairie and plains, the tall and short grasslands that divide near the 100th Meridian, a boundary between arid and humid zones.

Prairie

According to its early explorers, the original American prairie (French for "meadow") was a broad and boundless ocean of tall grass, standing six to eight feet high at mid-summer. Scattered at intervals were oak knolls, small forested rises, and also various creeks or sloughs, the natural drainage of these great fields. Settlers who first crossed the prairie dismissed it as "barren" and pushed on west, heading for the apparently more fertile woodlands of Oregon and California.

These early witnesses failed to see that prairie soil supported a rich variety of plant life, simultaneously sustaining great populations of grasses, wild flowers, and weeds. Naturalists later gave these species a wealth of vivid names, such as big bluestem, blue grama, ripgut, clover, needle and thread. When wind swept across this billowing mass of vegetation, the land appeared to seethe and heave. As Willa Cather later wrote, "the whole country seemed to be running."

She saw her land clearly, for abundance made the prairie a place of incessant migrations, from the great river flyways for migrant birds to the land trails for grazing herds of deer, elk, or buffalo. Until the early 1800s these ungulates roamed widely over the prairie, feeding readily on its grasses and forbs. At their peak, the early bison have been estimated to number over 60 million animals, and some ecologists have theorized that overgrazing by this massive herd forced the evolution of a shortgrass prairie.

That story reminds us that the prairie was also a place of relations, between climate and land, soil and water, plants and creatures. All these elements were driven by dynamic natural cycles, from the passing hours of light and dark to the months of extreme heat and cold. To use these resources efficiently, each species appeared at an optimum time in the annual calendar: the primrose in spring, the black-eyed Susan in summer. In a similar web of intricate economy, the insects, reptiles, birds, and mammals all fed and bred at appointed intervals. At its essence, prairie life functioned through compromise, not competition; hence it offered to later ecologists a clear model of nature's ingenious economy.

Finally, the early prairie was a place of disaster and recovery. Whether swept by fires and storms or racked by drought and overgrazing, the prairie endured because its covering sod was thick and stable, bound by long grass roots that formed a rich, deep mat of vegetation. The one disaster this natural system could not repel was the plow. As ecologist Peter Bernhardt notes,the grasslands have a short, unhappy history: "Last evolved, first dissolved." Farming here broke up deep, rich topsoils that took over ten thousand years to build. Never has the world seen such a massive and rapid ecological transformation: in less than 150 years, plows turned the prairie into America's farmland, a gigantic monoculture trained exclusively on human food production. Iowa has led the way in this widescale conversion, classifying up to 97 percent of the state's acreage as "under cultivation."

. . . since 1930 the population has declined 50 percent, down to four people or less per square mile.

Today the once virgin American prairie has been greatly altered by human intervention. The inland sea of native grass now produces exotic grains, chiefly corn and wheat. These crops are not wild, windblown species, but hybrids carefully planted, tilled, and fertilized by expensive technology. Destruction of sod in the prairies (and of bison in the plains) were the first hard lessons Americans learned about environmental depredation. Once the grasslands flourished, but now barely a tenth of a per cent of true prairie survives, scattered from Iowa to Montana in state or national preserves.

The people who occupy this ground at first prospered, and they retain many sterling virtues. Midwestern states lead the nation in literacy rates and quality of education, crowned by their Land Grant universities. Living amid clean air, food, and water, the citizens enjoy good health (and are a top choice as organ transplant donors). They occupy the nation's richest land, yet their sociology also bears the unmistakable signs of monoculture. Born largely of Anglo-Saxon or northern European stock, they are said to have but two faiths, the Protestant church and the Republican party. Their conservative values define stability and decency as life's prime virtues. As solid as the prairie sod, they lack its rich variety of production. Instead they admire modesty and reserve, especially in speech. Innately pragmatic, they attach their ideals to the concrete realm of marriage, family, and payday. Theirs is an agrarian civilization that cares deeply about supper.

The economic problems of this region are well known, from the high costs of land and equipment, to the low profits that plague increased productivity. In the 1980s nearly 10 percent of Midwest farms failed, and in the 1990s, another 10 percent are facing bankruptcy. Yet every year the hopes of this region rise with the spring sun. Here is a front page headline from today's *Des Moines Register*: "Global Warming Said To Benefit Farmers." That's Midwestern optimism for you; only Iowans would welcome the greenhouse effect! Such a nearsighted focus reflects the social effects of monoculture, one so swiftly imposed. As the cultural historian Robert Sayre has noted, Iowa is a "landscape made by work in which there is less work of the old kind to be done."

Plains

To understand where the prairie may be headed, we only have to look farther west, to the somber landscape history of the Great Plains. The plains begin where annual rainfall drops below 20 inches, a line that falls between the world of corn and wheat; the Mid and the West. The poet Walt Whitman called the plains "America's most characteristic landscape," thinking, perhaps, that these wide, undulant grasslands would generate a nation of democratic settlers. The early Indians and cattlemen behaved that way, treating the plains as a gigantic commons, used for hunting and grazing by a series of transient communities. Animals and people constantly arrived and passed on, their steady migrations allowing the fragile ecosystem to renew. But when 19th-century pioneers broke the sod and planted farms, they were trying to force the plains to behave like humid prairie. Inevitably they failed, ushering in long, repetitive cycles of drought, financial collapse, and depopulation.

Today, a century after the Homestead Act and sixty years since the Great Depression, farmers in the plains are facing grave trouble. The region contains 20 percent of the U. S. landmass, but less than 3 percent of its population— and that figure is rapidly falling. Farms and towns in the heartland are drying up: since 1930 the population has declined 50 percent, down to four people or less per square mile. The survivors have a high median age, and over 20 percent earn incomes below the federal poverty line. New investment averages less than $50 per capita. If these trends continue, two-thirds of today's farms and towns will vanish in the next century, killed by economic triage, as governments withhold funds to save the most viable communities.

One bold recommendation for changing this scenario comes from Frank and Deborah Popper, a land-use planner and geographer who teach at Rutgers University. The Poppers propose to turn declining plains areas back to their original ecological state, pre-settlement and farming. They call this project "The Buffalo Commons" and say it would create the world's largest national park. Writing in the *New York Times Magazine*, Anne Matthews calls the Popper's scheme "a giant act of ecological restoration. Once again, the heart of the continent would be as Lewis and Clark saw it, a true frontier, a vast realm of waving grass and migrant wildlife."

As Matthews indicates, this proposal has stirred a strong and controversial reaction. Most farmers hate the Poppers' idea, while native Sioux gleefully recognize its major implications for their tribal land claims. Western developers are strongly opposed, since they hope to attract large-scale, high-tech enterprise to the plains. But conservation biologists are enthusiastic, arguing that restoration of the original plains ecology will also stimulate a future market for historic and environmental tourism.

The failure of agriculture in the plains raises an obvious question: what other means of sustenance can the region develop? Population continues to fall there, despite forecasts of eventual rebound. Observers point to the appalling decay of American cities throughout the Reagan Eighties, as rising crime and its costs have spun the urban environment into a rapid downward spiral. Will rural areas benefit? John Naisbitt, today's version of the water diviner, writes in *MegaTrends 2000* that the future workforce will no longer commute but live far from corporate offices in "an electronic heartland," connected only by fax, computer, cable or satellite video.

> Western greed, not Eastern interference, will ruin this pristine country rapidly.

That is a fairly benign vision; more ominous is the prediction, voiced by Joel Garreau in *The Nine Nations of North America*, that the 21st century will battle over the High Plains in a classic struggle between the forces of earth and empire. Writing just after the 1970's energy crisis, Garreau described the plains as America's petroleum bank, filled also with major geothermal and solar resources. The plains reserves of coal and oil shale could produce one trillion barrels of synthetic fuel for 175 years, Garreau noted, thus creating eight million new jobs in Wyoming alone. Yet the region is far too fragile to sustain the impact of such a populace. Western greed, not Eastern interference, will ruin this pristine country rapidly. As Washington Irving predicted in Astoria (1836), "On the Plains will spring up new and mongrel races, like new formations in geology, the amalgamation of the debris and abrasions of former races, civilized and savage, adventurers and desperados of every class and country yearly ejected from the bosom of society into the wilderness."

A Ride Across the Center

The Center offers us many lessons, above all, the importance of connecting with a place, learning to see how its natural and built elements relate, and how to balance their requirements. Two writers of the Midwest, Willa Cather and Sinclair Lewis, gave us vastly different images of that world in their prairie towns: his, bitterly sarcastic; hers austere yet fond. They described two widely varying grounds or fields of thought, creating "a sense of place" not just from settings but also from remembered levels of social and economic status. For both writers the Midwest meant seasons, land and water, family, school, language; the whole complex of human attachment to physical space and time. As long as Americans lived mainly in rural places this was "Nature's Nation," historian Perry Miller's phrase for that instinctive belief that America meant God, land, and family, all rolled into one.

As I drove to this meeting site yesterday, I sensed how much of that feeling endures but has also slipped away. From Madison, Wisconsin, to Cedar Falls, Iowa, is but 200 miles, a four-hour journey, yet its landscape reveals much of the Midwest environment I've tried to describe. Here are a few of the scenes I recorded.

On the grounds of the University of Wisconsin Arboretum in Madison lie several long, high, mounds, the effigy shapes of bird, turtle, panther and snake. Created by people of the prehistoric Hopewell culture, the mounds contain remnants of tribal ceremony: arrow points, sea shells, bits of crude bronze—to archaeologists, clear evidence of a trading empire that stretched from the Appalachians to the Rockies, the Great Lakes to the Gulf. Those mound builders, early masters of the Center, lived in apparent harmony with nature, yet they vanished long before Europeans arrived.

Southwestern Wisconsin is a rolling uplands known to geologists as "The Driftless Area," because it was a pocket of country left unmarked by the glaciers. Dairy and horse farms now abound there, and that human landscape is not ugly. Fields give the land its alternating strips of fenced and plowed ground, lines and angles that offset the natural contours. Against the earth's strong blacks and greens stand white or rust-red farm buildings, capped by the vertical thrust of tall, royal blue Harvestore silos. On this day of alternating sun and clouds, waves of light kept sweeping across the land, and I could hardly ask for better scenery.

That mood shifted as I crossed the Mississippi River at Dubuque, Iowa. In a state once ruled by the WCTU, the town's newest structure is a giant greyhound racing track. On a Wednesday afternoon at least 2,500 cars stood in the parking lot. This form of wagering may bring revenue to the state, but the enterprise yields little of deeper value. No one works the soil here, producing or sharing labor and goods. Now that I think of it, some of those Hopewell burial mounds must resemble racing dogs.

Farther west I came to Cedar Rock, a house Frank Lloyd Wright designed and built in 1948. One of his first post-war "Usonian" homes, this low, angular structure of red stone and plate glass was intended as a prototype for mass consumption. In his plans Wright looked for ways to create simple comfort and utility without detracting from the hilltop site, a stony outcrop overlooking a river. The home expresses a total design, with Wright dictating how even the lamps and ashtrays fit into his conceptual plan. That may seem despotic, yet he was emulating in part the coherence of organic form and process.

> ". . .all conservation of wildness is self-defeating, for to cherish we must see and fondle, and when enough have seen and fondled, there is no wilderness . . ."

Nearing Cedar Falls, I saw Iowa stretch and relax in the warmth of a May afternoon. Tractors plied the dark fields, dragging many-tined cultivators. Everywhere the land had shrugged off winter, lifting again its face to the sun. And slowly, I began to see that the prairie world was not entirely gone. Here and there, it survived in the roadsides and fencerows, along the creekbeds and up on barren hills. Anywhere the plows had spurned, the tall grass and weeds were flourishing on marginal land.

Aldo Leopold, most eloquent of America's early ecologists, derived his writings from studying Midwest environments, especially the prairies, woods, and lakes of central Wisconsin. His work in the 1920s and 30s was fueled by an urgent sense that wild nature was vanishing, especially from the national psyche. He also knew that America's history was one of tragic environmental destruction. "The ultimate value in these marshes is wildness," he wrote, "and the crane is wildness incarnate. But all conservation of wildness is self-defeating, for to cherish we must see and fondle, and when enough have seen and fondled, there is no wilderness left to cherish." This history is our mottled legacy: once we had a pristine continent; by losing it, we learned to save the wild remnants.

The Center tells us that an intimate connection exists between wild and settled environments. Our social model for work may be a pyramid, a hierarchy; but nature keeps saying that life is a web, connecting relations. Nature never loves a monoculture. It flourishes instead in bustling heterogeneity, sustaining the health of as many species as possible. Democracy was also designed to assure pluralism, the survival and prosperity of common people. Americans spread out and subdued their continent, and here at its center, found quite another model for development. The Grasslands still serve as our main crossing ground, one that shapes America's center, and defines its true meaning.

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Rural Labor Market Changes in the U.S.

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During the 1970s, growth and revitalization of rural communities and economies led to a general optimism about the future of rural America. Communities experienced population growth where decline had been the trend. Manufacturing employment and service sector growth more than offset the continued decline in agricultural employment. There was talk of a "rural renaissance."

The experiences of the 1980s have brought a return of more pessimistic views. Downturns in many of the industries important to rural economies (agriculture, mining, energy, forestry, manufacturing) have resulted in near double-digit unemployment, a rise in business failures, fiscal crises in local government, declining public services, and a renewal of the long-term trend of net outmigration and population declines. To many observers, the turnaround appears to have turned around again (Richter, 1985; Fuguitt, 1985).

In a nation as geographically vast and economically diverse as the United States, description of these trends is complex and theoretical interpretations are at least as diverse as the trends themselves. Nevertheless, in the next section we will attempt to summarize the trends as they pertain to the conditions and performance indicators of labor markets situated in rural areas. In the second section we will review theoretical interpretations of trends in labor markets in the U.S.; especially those which have addressed changes in rural labor market areas. In the final section we argue that it is increasingly necessary to link directly the mainstream theoretical arguments with rural labor market changes.

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Throughout the review we will distinguish *labor markets* from *market areas*. In doing so the term "labor markets" will refer to the social relations between buyers and sellers of labor and "labor market areas" will refer to localities in which market relationships occur. Within any geographic area, or administrative unit, there may be numerous labor markets operating. Some may involve only local buyers and sellers (e.g., the farm labor market or the local retail sales labor market), others may involve buyers and sellers who participate in a regional or national market (e.g., physicians, corporate management, or university professors), and others may involve mixtures of local, regional and national markets. However, for any locality the labor markets operating within its boundaries combine to create the characteristics of employment in the local labor market area. We hope this distinction will minimize the confusion found in the literature deriving from the frequent failure of authors to distinguish markets from the geographic areas in which markets operate. One major drawback in analyses that attempt to link market areas and labor markets has been the lack of satisfactory data for spatial areas. Recent work in the Economic Research Service of the U. S. Department of Agriculture has attempted to address this problem by compiling labor market data for market areas (Tolbert and Killian, 1987).

It is especially important to separate markets from market areas when determining the most appropriate public policy strategy to deal with employment issues. If locality is of no consequence, the employment issues may be reasonably addressed by macroeconomic policies. However, if there is great diversity among labor market areas, regional policies may be required and additionally may need to be more targeted along the lines of industrial sectors, occupational groupings, social divisions or population sectors (Deavers and Brown, 1984; Deavers, 1988, esp. pp. 116-123; Brown and Deavers, 1988; Osterman, 1988).

Trends

Since mid-century the rural economy of the U.S. has shifted from a very heavy dependence on agriculture and other natural resource-based industries to a greater diversity of economic activities. Rural labor markets in the U.S. are no longer primarily agricultural or natural resource-based; a point which has been made repeatedly in recent publications by American economists and sociologists who study rural labor issues, among them Castle (1988), Brown and Deavers (1988), Duncan (1989), Falk and Lyson (1989), Drabenstott and Henry (1988); Summers et al (1988); Weber, Castle and Shriver (1988).

Indeed, primary industries provided only 5 percent of rural employment in 1984. The whole food and fiber system—from the farmer to the retail merchant—is in decline as a source of employment. In 1975 this system employed 21 percent of the civilian labor force in the United States. Ten years later it employed 18.5 percent. Moreover, the farm sector's contribution to GNP is declining; from 2.7 percent in 1975 to 1.8 percent in 1985 (Duncan, 1989). Against this employment downturn in agriculture and natural resources, the growth of manufacturing and service industries in rural economies has been particularly noticeable and important to public policy.

Employment by Industry Sector

The service sector clearly dominated the growth in labor demand over the period 1960 to 1980. In 1980 there were 33.8 million more persons employed than in 1960 and 29.4 million of them worked in the service sector. Manufacturing provided employment for about 4 million additional workers. These trends were especially pronounced in the rural (nonmetropolitan) labor market. Service sector employment growth doubled from 2 million during the 1960s to 4 million during the 1970s, accounting for nearly 75 percent of the nonmetro employment growth during the 1970s. Manufacturing added about 1 million new jobs each decade to the nonmetro labor market which amounted to 16.9 percent of the employment growth during the 1970s (McGranahan et al, 1986:21-2).

Trends in the relative contribution of industrial sectors to total employment are also instructive. In 1960 the service sector accounted for 50 percent of employment in nonmetro areas. By 1984 that proportion had risen to 69 percent. Manufacturing followed a pattern of 22.6 percent in 1960, 25.5 percent in 1970, 23.5 percent in 1980 and 20 percent in 1984. In sharp contrast, the relative contribution of primary industries in 1960 (20.7 percent) had declined to only 5 percent in 1984. (Primary industries include agriculture, mining, forestry and fishery.) (McGranahan et al, 1986: 24; Brown and Deavers, 1988:7)

The whole food and fiber system—from the farmer to the retail merchant—is in decline as a source of employment.

From 1969 to 1976 the rate of service employment growth in nonmetro areas exceeded that of metro areas. According to Miller and Bluestone (1988) this growth was closely linked to the manufacturing growth since this was also a period of rural industrialization. After 1976, the rate of service sector employment growth fell in rural areas and increased in the metro labor markets, again following the metro-nonmetro differences in pattern of goods-producing employment. They also report that most service industries were underrepresented in nonmetro areas in 1984; consumer or household oriented services being the exception.

Because the service sector so dominates labor markets situated in rural areas and because it covers such a wide range of economic activities it is instructive to re-examine these trends for sub-sectors. McGranahan and associates (1986) grouped service activities into three broad subsectors: Household Oriented (health care, education, retail trade, personal services, entertainment and recreation), Business Oriented (business and repair services, finance, insurance, real estate, wholesale trade and professional services), and Other Services (communication and utilities, transportation, and public administration).

They report that 35.8 percent of total 1980 employment in rural areas is in Household Oriented services with retail trade accounting for 15.6 percent. The comparable metro proportions are 36.4 and 16.3, respectively. This distribution gains in importance when one notes that employment in household oriented services accounted for more than 40 percent of the growth in both metro and nonmetro areas during the 1970s. Much of the growth can be linked to the expansion of health care services. With the continued "aging" of the population this promises to be a significant growth sector for several decades to come. (Hirschl and Summers, 1982)

Business services as a sub-sector accounted for 13.2 percent of the nonmetro total employment and 20.8 percent of metro employment. Overall the subsector had a better than 40 percent rate of growth in both metro and nonmetro areas but its impact is somewhat diminished when one notes the relatively smaller contribution the sub-sector makes to total employment. Other Services contributed 11 percent to rural employment and 13 percent to metro employment.

Broad trends in the restructuring of the U.S. economy can be seen in these statistics, but they provide only a crude measure of the changes taking place. The richness of the diversity and the complexity is made more apparent by examining changes among regional and local labor market areas. Comparative analyses reveal the details of the spatial division of labor among industries and occupations. They also provide descriptions of several dimensions of the social division of labor and lead to further consideration of social and cultural institutions in the operation of labor markets.

In a recent study of rural labor market areas, Killian and Hady (1988) found that agriculture remained the predominant industry in only 32 of the 182 areas. Twelve were led by mining and 8 were heavily dependent upon wood products. By contrast, textile and apparel manufacturing was dominant in 12 market areas and durable manufacturing in six. Public education and administration led the employment roster in 26 of the rural labor market areas, and 86 were classified as "diversified." When these figures are considered in conjunction with the national labor market data, it is very evident that the nationally calculated 5 percent who are employed in primary industries are concentrated in a relatively small number of rural labor market areas. Moreover, only 28.6 percent of the rural labor market areas are dominated by employment in the primary industry sector. Turning to the overall economic performance of these 182 rural labor market areas, Killian and Hady (1988) found that those specialized in durable manufacturing had the worst record, far worse than those specialized in primary sector industries. (Their summary index was based on six measures of income and employment.) On the other hand, labor market areas specialized in public education and administration, and those with a diversified industrial base consistently had the better economic performance records.

Bloomquist's analysis of rural manufacturing performance partially clarifies the Killian and Hady findings (Bloomquist, 1988). By grouping rural manufacturing according to the product cycle model of industrial organization (cf. Thompson, 1965; Norton and Rees, 1979), he found that "bottom of the cycle" firms dominate manufacturing employment in nonmetro areas. These industries are distinguished by their demand for labor with relatively low technical skills and their low wage rates.

Employment by Occupation

The growing importance of service and manufacturing industries in rural labor markets is also revealed in the distribution of employment by occupation if one accepts the argument that white-collar occupations are predominantly in the service producing industries and that manufacturing industries are dominated by blue-collar occupations. Using data from the 1980 Census of Population, McGranahan et al (1986) report that nearly half of the rural work force was employed in white-collar jobs; 18.2 percent were employed as managers or professionals and 24.2 percent were working in low skill white collar occupations (technical, sales or administrative support).

Blue collar occupations provided jobs for another 37.2 percent of the rural workers; 22.7 percent in low-skill blue collar jobs (operators, fabricators, and laborers) and 14.5 percent in high-skill blue collar occupations (precision production, craft, and repair).

Using statistical reports from both the Bureau of Economic Analysis and the Bureau of the Census covering the period from 1969 to 1984, Bloomquist (1988) concludes that "While the rural manufacturing sector has had substantial growth in recent years, most of the growth has been in manufacturing industries that provide low-skill and low-wage jobs." (Bloomquist, 1988:49)

In a related analysis McGranahan (1988) divided manufacturing into "complex and routine" industries based on the proportion of the industry employment in managerial and professional-technical jobs as a percent of total industry employment. What he found is that the routine industries are more commonly located in rural areas. Consequently, only 10 percent of the professional and technical jobs are located in rural labor markets. On the other hand, occupations such as "machine operator" and other less skilled blue collar jobs have a disproportionately high presence in the manufacturing sector of rural labor markets.

It appears that rural manufacturing tends to be composed of small firms with routine operations and larger multiple-location firms which locate their routine production in rural branch plants. There is considerable evidence that even the "high-tech" industries follow the same pattern of buying labor for routine production in rural labor markets and entering urban labor markets to secure technical and professional labor requirements (Glasmeier, 1986; Falk and Lyson, 1988, esp. pp. 44-49; Barkley, 1988; Malecki, 1989).

The Human Resource Base

In theory, labor market outcomes are determined as much by the attributes of the available supply of labor as by the industrial and occupational characteristics of the demand for labor. In this context, it is an historical fact that the human resource base of rural areas have been at a disadvantage when compared with urban areas (McGranahan, 1988). Although the gap in years of formal education has been closing, it still remains; especially for males. The apparent movement toward equality of education between rural and urban adults almost certainly is due, in part, to the urban to rural migration of older adults and, therefore, only partially indicates an improvement in the retention of pupils in the educational system in rural areas. An important point to note is that the traditional measure of human capital—years of schooling completed—has become less adequate as a measure of levels of human capital in an area and of an individual's ability to function in modern labor markets.

With the turnaround in population movement to a net out-migration pattern for many rural areas, nonmetro America has seen a net loss of people, particularly of young adults, to metro areas in each year since 1983. Nonmetro areas had a significantly lower proportion of adults in 1980 between the ages of 20 and 44 and a higher proportion of people over age 55 than did metro areas. Net migration rates by age in 1985-86 show that this older age distribution is becoming even older as the 1980s progress (Swanson and Butler, 1988: 177).

Dislocated workers who made their living in declining occupations or in declining industries in rural areas often are unable to adjust to new high-growth occupations and industries without considerable retraining and re-education. Many find that once-valued highly specialized manual skills, which had been learned on the job, are not easily transferrable to the jobs now available in the local labor market. Some do not have the basic literacy skills to be retrained at all, creating a pool of hard-to-employ workers (Ross and Rosenfeld, 1988: 338).

Labor Market Outcomes

Growth in the aggregate demand for labor over the past 15 years has been quite impressive in view of the fact the U.S. economy weathered two major economic recessions during that period. However, trends in the aggregate demand for labor reveal nothing about the outcomes for participants in the labor market; i.e., the proportion who found employment and whether that was partial or full time employment, the level of earnings provided by employment or how the employment was distributed among the many persons seeking work.

Unemployment has increased in rural labor markets from 1973 to 1988 despite the good record of job creation in the national economy. Moreover, the gap in unemployment rates between metro and nonmetro areas has been steadily widening. Whereas in 1973 rural labor markets had a lower rate of unemployment than the metro labor market (4.4 percent compared to 5.1), in 1988 their respective rates were 6.2 and 5.3. If these unemployment rates are adjusted to include discouraged workers and one-half of the workers employed only part-time for economic reasons, the plight of rural labor markets is considerably worse. In 1973 the nonmetro and metro adjusted rates were both 7.1 percent; by 1988 the metro areas had recovered to an annual average of 7.9 percent while the nonmetro areas remained at 10.1 percent (Parker, 1989). The increasing disparity is attributable to two trends. First, each of the two recessions hit rural labor markets harder. Second, recovery has been slower and less complete in the rural labor markets. Since 1985 there have been distinct signs of recovery in both metro and nonmetro labor markets, but relief from unemployment has been noticeably slower in coming to rural labor markets. Conditions which could produce these results include structural and institutional elements, but only recently have they attracted the attention of researchers.

> ". . . most of the growth has been in manufacturing industries that provide low-skill and low-wage jobs."

Part-time employment has also been increasing as a proportion of those employed in rural labor markets. This is a national trend since it also has been increasing in metro labor markets. It appears to be partially a function of the performance of the national economy because the annualized averages of part-time employment rates follows the same pattern of unemployment across the recessionary and recovery periods of the 1970s and 1980s. But also as with unemployment, part-time employment has been pushed up more rapidly in the rural labor markets during recessions and the recovery has been less complete than in the metro labor markets. Thus, in 1988 the annual average of part-time employment for economic reasons in rural labor markets stood at 5.9 percent while in the metro markets it was 4.2 percent (Parker, 1989; Bureau of the Census, Current Population Surveys, 1973-1988). In 1973 the comparable percentages were 3.6 and 2.7 respectively for nonmetro and metro labor markets.

Interpretation of these two trends is quite contentious. Since both trend lines follow the pattern of recession and recovery it can be argued that the rise in unemployment and part-time employment rates over the past 15 years is due to the failure of the economy to function at a level nearer full capacity. This is a result of increased international competition, capital flight to foreign investments, and deliberate efforts to control inflation through the use of macro-level fiscal and monetary polices. The cost of greater competition and inflation control is higher levels of partial employment and unemployment. The association of trends with these factors notwithstanding, it can be argued also that structural and institutional changes are contributing to the shrinking levels of employment (Duncan, 1989).

Earnings of rural workers are below those of urban workers and the situation is getting worse. Even when other income sources are added to earnings, nonmetropolitan families and households are worse off than metropolitan residents. In 1980 the median income of nonmetropolitan families was $16,592 compared to $21,128 for metropolitan families; i.e., the incomes of nonmetropolitan families was only 78.5 percent of their metro "cousins" (Census of Population, 1980). If households are considered rather than families, the same ratio obtains. But according to the 1987 Current Population Survey, the ratio had declined to 73.1 percent.

Racial and ethnic minorities in nonmetro areas are particularly disadvantaged (Fuguitt, Brown and Beale, 1989; Snipp, 1989). In 1987 the median total money income per household member of Black persons living in nonmetropolitan areas was $4,758 and Hispanics did only slightly better—$5,424. By contrast, whites living in metropolitan households had incomes of $13,786. Those are the extremes, but even among nonmetro households the whites have incomes which are about double those of Blacks ($9,985 and $4,758 respectively) and Hispanics do only slightly better (Bureau of the Census, 1989). No figures are available for Native Americans although it is well documented that their incomes are lower even than Blacks' (Snipp, 1989). These conditions have prompted some to refer to the plight of minorities in rural America as the "Third World in America."

Poverty persists in rural households and is spreading to regions outside the South (Brown and Warner, 1989). In 1973, 14 percent of all nonmetro residents had incomes below the official poverty level. In 1985 the percentage had risen to 18.3, at least partly due to the rising rates of unemployment and underemployment. Even when "in-kind" transfer payments are added to other income, 13.2 percent of the nonmetro people failed to have enough income to meet minimal basic needs. In metro America the figure was 9.3 percent. In 1987 the nonmetro poverty rate had dropped to 16.9 showing some slight improvement. Rural poverty is still concentrated in the southern region, but it is increasing in the Midwest and in the Northwest regions due to the economic downturn of industries disproportionately located there (agriculture and manufacturing in the Midwest and fishing, mining and forestry in the Northwest) (Deavers, Hoppe and Ross, 1988).

The "working poor" is a more common phenomenon in rural areas than in cities. Labor market participation is higher among poor families in nonmetro than in metro areas. Over two-thirds of the nonmetro poor families had at least one member active in the labor market. One in four had at least two income earners and still they were poor (Brown and Deavers, 1988). There is little doubt this is partially due to the lower wages and salaries of rural workers, but it also reflects the higher rates of unemployment and underemployment (Osterman, 1988).

Social and economic changes have caused a dramatic rise in women's participation in the work force (Rosenfeld, 1985; Bokemeier and Tickamyer, 1985; Haney and Knowles, 1988). In 1980, 45 percent of the nonmetro women aged 16 and over were active in the labor market (Ross and Rosenfeld, 1988).

Recent rural labor market studies reveal the existence of a clear and deep social division of labor which is manifest in various labor market experiences and outcomes (Bloomquist, 1988; Horan and Tolbert, 1984; Falk and Lyson, 1988; Killian and Hady, 1988; Tickamyer and Bokemeier, 1988, 1989; and Snipp, 1989). White women and racial and ethnic workers of both genders are more likely to have jobs with lower earnings, less stability and fewer opportunities for advancement. There is some evidence the situation may be worsening (Goudy et al, 1986).

Labor Market Theories

Recent trends in rural labor markets and labor market areas are beginning to attract attention of economists and sociologists whose approaches to explanation all have a clear heritage in more general theories of work and society; i.e., demand-oriented, supply-oriented and institution-oriented theories. The demand-oriented explanations emphasize global, national, and regional changes in the structure and volume of product demand and other factors which affect labor demand. The supply-oriented explanations draw heavily on human capital theory with its stress on the importance of education and training of workers in competitive labor markets. The institution-oriented explanations emphasize organizational and institutional factors in the operation of labor markets in a manner that is reminiscent of institutional economics.

. . . some refer to the plight of minorities
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Third World in America.

Because neoclassical economic theory figures so prominently in the debate, it may be useful to review its principle propositions. A labor market is composed of relations among buyers and sellers of labor. Therefore, a labor market is an institution which governs the exchange of labor services and thereby distributes labor among occupations, industries and labor market areas to yield the maximum efficiency in the use of a society's resources (Shaffer, 1989; Kreps, et al., 1974). According to Mark Henry, "Economists usually analyze labor markets from the perspective of aspatial behavioral models in which there is a profit maximizing employer who desires to hire labor so that the last unit of labor hired is paid a wage that is equal to the added value of the product obtained from that labor unit. The market also reflects the behavior of households that attempt to maximize utility in a leisure-income tradeoff process and thus offer different quantities of labor services as the prevailing wage rate varies." (Henry, 1989: 29) Thus, labor market outcomes are demand and supply driven with wage being the key instrument for reaching an equilibrium.

The assumptions underlying neoclassical labor market theory are extremely restrictive. These include the following: that workers and employers have complete knowledge of all opportunities, that both are rational and will maximize either their satisfaction or their profits, that workers and employers are sufficiently numerous that neither can influence the wage rate through collusion or other means, that labor within a market is homogeneous and therefore workers are interchangeable (there is no discrimination), and that no barriers exist to interfere with mobility of labor among occupations, industries or geographic locations. Therefore, unemployment occurs only when these assumptions are not met or when there are other reasons for market failure.

Within the neoclassical model, unemployment is seen as differentiated according to the sources of the market failure and is often divided into demand-deficient unemployment, structural unemployment and frictional unemployment. The proper choice of public policy instruments is determined by the source of the market failure. Demand-deficient unemployment occurs when the product market demand falls below the point where job vacancies are equal to the available workers.

Structural unemployment occurs when there is a mismatch between job requirements and skills available. This is usually taken to mean one or more of the assumptions regarding the supply of labor have been violated. For example, it recognizes that barriers may exist to complete knowledge, that workers may not be interchangeable, that there are barriers to mobility or that rules of hiring and/or promotion may exclude some potential workers. Where unemployment is deemed to be structural in origin, the public policy response usually is to intervene to remove the barriers to mobility or to train (and re-train) workers for the existing job vacancies.

Frictional unemployment recognizes the failure of the simultaneity assumption. Mobility of labor and other factors of production do not move instantaneously or simultaneously from where they are not needed to where there is an effective demand. Time is required for adjustments to occur. Consequently, at any moment in time there are likely to be some unemployed workers. This level of unemployment may be regarded as an irreducible minimum since there does not appear to be a policy instrument for correcting this failure of the market (Shaffer, 1989).

Demand-Oriented Theories

The demand for labor consists of employment opportunities which are structured according to occupations, industries, skill requirements, and location of work; all of which may vary over time. The demand at any time and place is affected by several factors. These include the demand for the output (good or service) which labor produces, the productivity of labor (a combination of capital, technology and worker skill), and the price of factors of production other than labor. Effective demand for the output is governed by the degree of competition in the product market and consumer preferences. Likewise, prices in the factor markets are assumed to be competitive (Shaffer, 1989). Some demand-oriented theorists use national labor markets as their unit of analysis while others address spatial differentiation within the nation. In either case, an attempt is made to explain the ups and downs of labor market conditions by facing outward in search of exogenous factors to account for labor demand changes in labor market areas. In its broadest perspective, one must begin with the changing conditions in the global economy which affect the local demand for labor.

Global Economic Restructuring. Since the mid-20th century, the world has experienced many economic, social and political changes which might reasonably be summarized as the global diffusion of capital, technology and skills (Galston, 1988). As these critical factors of production have diffused throughout the world, a truly global economy with intensive global competition has been generated. This places greater pressure than previously on the economy of the United States. In particular the traditional extractive and goods producing sectors face greater international competition which forces firms in these sectors to seek ways of increasing efficiency in productivity; i.e., increasing the value of output per unit cost of inputs. Obviously, these sectors have been the predominant sources of demand for labor in rural markets. Thus, the global restructuring has hurt rural labor markets and market areas even more than labor markets in urban areas.

For at least a century, the trend has been toward lower real prices of natural resource-related commodities (Castle, 1988: 12). Today the real prices of raw materials are at their lowest levels in recorded history relative to manufactured goods and services. This is in sharp contrast to the predictions of widespread shortages and rising prices that were being made a decade ago. Indeed, global agricultural outputs and production of practically all forest products, metals and minerals are at all-time highs, with the greatest percentage increases coming from less developed nations. There is little reason to expect the total raw-materials output to decrease, despite the depressed prices; most nations are committed to a political strategy of self-sufficiency in food and raw materials and now possess the production technology needed for high output.

Yet, the depressed global state of the primary goods economy has not led to a global industrial depression. This appears to be due largely to the diminished structural importance of primary goods production in the economies of developed nations, a situation which T. W. Schultz anticipated many years ago (Schultz, 1951). In most developed countries, raw materials and food production account for less than 10 percent of the GNP and an even smaller proportion of the labor force. This major structural change in the world economy has had serious implications for the rural economy of the United States.

In the manufacturing sector, primarily because of technical change, labor input has become an increasingly small part of the value of industrial production (Bluestone and Harrison, 1982; Summers, 1984; Drucker, 1986). In all industrial nations, manufacturing output has steadily increased and maintained its share of the GNP while employing fewer workers. This has been accomplished by substituting capital and technology for labor. With promises of "high-technology" for even greater production efficiency, there is little reason to expect this structural change to reverse. A recent study by the National Academy of Sciences Panel on Technology and Employment concluded that while more jobs are created by technology than are eliminated, the negative impact of technology falls heavily on those persons without basic skills and with poor education (Cyert and Mowery, 1987).

Today the real prices of raw materials are at their lowest levels in recorded history relative to manufactured goods and services.

Thus, rural labor market areas in the U.S. which are heavily dependent on low-skill, low-wage manufacturing for employment and are experiencing a declining labor demand, may expect to find little relief by pursuing a singular strategy of rural industrialization. Similarly, agriculture and raw materials extractive industries have little potential for generating additional employment opportunities in rural labor market areas. At this point the prescriptive debate separates into macro-level and micro-level issues. At the macro-level the debate centers on selection of the most appropriate national economic policies for revitalizing the competitive position of the U.S. in the global economy and incorporates discussion of international trade, industrial, fiscal, and monetary policies. The micro-level debate centers on the spatial and sectoral distribution of economic activities, whatever may be the relative position of the U.S. in the global economy. If people hope to live in small cities and rural areas while still sharing equitably in the fortunes of the U.S. economy, it will be essential to find ways of stimulating the growth of non-traditional labor markets in rural labor market areas.

Export Base Theory. According to export base theory the economy of any spatial system may be divided into two broad sectors; those economic activities which produce goods and services for external markets and those activities which produce goods and services for internal markets. It is assumed the export activities drive the internal economic activities and consequently the export sector is sometimes called "basic" and the domestic sector regarded as "secondary." The critical element in the theory is the generation of a money flow into the local economy which is then spent internally. In this manner, exports are able to create a demand for labor directly in the export activities and in the secondary sector through the spending and respending of the money that is brought into the economy via the export activities (Andrews, 1954; North, 1955; Tiebout, 1956; Thompson, 1973).

Agricultural products, raw materials and manufactured goods have composed the bulk of the export sector for many rural labor market areas, but global and national trends in these product markets threaten the labor demand in areas with a strong dependency on them (Killian and Hady, 1988). However, it is not necessary to limit the export sector of rural labor market areas to these traditional activities. Any activity which generates an in-flow of money may be regarded as an export activity. By redefining the traditional conception of exports to include exportable services, high-tech manufacturing, recreation and tourism, and residential development for persons with passive incomes, export base theory provides a possible guide for increasing the demand for labor in rural labor market areas. The notion receives broad support from Killian and Hady's study of 182 rural labor market areas. The best performances were recorded by the areas with "diversified" economies and those specializing in "public education/ administration (1988)." Support for the argument is also provided by several recently published case studies.

Smith and Pulver (1981) and Smith (1984) have shown that non-manufacturing businesses can generate significant amounts of export activities. In a survey of 385 non-manufacturing businesses in rural Wisconsin, they found that 27 percent of the businesses made over half their sales outside the local area. Smith et al (1981) and Hirschl and Summers (1982) have shown that passive income (investment returns, pensions, retirement payments) to rural community residents has the ability to generate jobs in the local labor market area. Both studies reported greater secondary job generating efficiency for passive income than manufacturing payroll. In many rural communities and labor market areas, passive income is more than half the total personal income and provides a potentially strong source of increased consumer goods and services demand as well as a source for development capital (Summers and Hirschl, 1985). It should be noted that recipients of passive incomes are not welfare recipients; the incomes of retirees are nearly equal that of persons under age 65 and the proportion of the U.S. population over age 64 will increase well into the next century. Retirees are a growth market.

The list of non-traditional rural economic activities which have a potential for generating exportable goods and services is quite large and the range of possibilities has not been fully explored. However, advocates argue that it surely includes medical centers that serve a nonlocal clientele, universities and colleges attracting nonlocal students, recreation and tourist activities, research and development laboratories, military installations, regional offices and laboratories of the federal and state governments, and some business and consumer services. The technological changes in communications favor a spatial dispersion of both production activities and producer services; advances in telecommunications and transportation have overcome the cost of distance for at least some nonmetro labor market areas (Garnick, 1984; Leven, 1985; Noyelle, 1983).

Spatial Location Theories. There is an enormous general literature on the subject of spatial location of economic activities. For the most part, it is urban oriented with population density, the value of space and the cost of distance being central. To the extent that rural labor market areas have been treated at all in these theories, it has been assumed that agriculture and other natural resources predominate in rural economic activities (Castle, 1988). Contemporary evidence clearly contradicts that assumption. Indeed, it is precisely these industries that are responsible for labor demand deficiencies and the consequent unemployment, underemployment, and low earnings in many rural labor market areas. Attention is being directed toward goods and service sectors not traditionally found in rural areas in search of those where demand may be growing, and for which rural labor market areas may have a competitive advantage. The hopeful speculation of export base proponents is questioned by location theorists and their several derived models. The more widely studied theories of spatial location are industrial location theory, product cycle theory, and central place theory.

. . . output has steadily increased while employing fewer workers. This has been accomplished by substituting capital and technology for labor.

Industrial location theory attempts to explain how firms (and households) make economic decisions which involve a spatial dimension. A narrow interpretation of location theory is that it deals only with the relocation of businesses, but that is too restrictive. The theory also deals with questions of where to start a new business, where to purchase inputs, where to expand markets, where to acquire capital, where to sub-contract. Thus, industrial location theory is relevant to the issue of stimulating the growth of non-traditional labor markets in rural areas because it addresses spatial aspects of new business startups, expansion of existing firms, and relocation of firms (Greenhut, 1956; Moses, 1958; Smith, 1966; Moriarty, 1980; Shaffer, 1989). Within industrial location theory there are four well-established models to account for the location of economic activities.

The "least cost" model of location closely parallels the neoclassical economic development theory with assumptions of pure competition in factor markets, complete information about all relevant factors, absence of barriers to spatial mobility, homogeneity of institutional factors among sites, and perfect elasticity of product demand and factor inputs at fixed locations (Greenhut, 1956; Moses, 1958; Smith, 1971; Meyer, 1977; Shaffer, 1989). In these circumstances firms make decisions to startup a new business, expand or relocate by seeking to minimize their total cost of production and transportation. When a firm produces a single product which it sells to a fixed-location market, as is the case for many small-scale manufacturers, the least cost model may have some utility in explaining location decisions.

The "demand maximization" model presumes that a seller of a product (good or service) will select a business site that provides access to the largest possible market area (Greenhut, 1956; Smith, 1971; Shaffer, 1989). It also assumes that consumers will make their purchases so as to minimize the price paid for delivered product. This model is particularly relevant for firms selling to dispersed buyers, such as retailers, wholesalers, and service providers, with their focus on minimal market needs for profitable operations. With maximum sales as the firm's primary goal, a site is selected to minimize the cost of making those sales, which may not be the site of least cost.

The "profit maximization" model declares that location decisions are determined by which site will generate the greatest difference between costs and revenues; i.e., the greatest profit (Greenhut, 1956; Shaffer, 1989). This may not be the site with the lowest cost or the largest demand. Many up-scale, high priced specialized market oriented businesses appear to follow this model of location decision making, but the model need not be limited to high-cost, high-profit businesses.

The "behavioral" model allows the relaxation of many of the rational "economic man" assumptions by permitting personal and non-economic goals, incomplete information, inaccurate use of information, and uncertainty to enter the calculus of site selection (Pred, 1967). By relaxing these economic rationality assumptions, the location decision process is made more realistic, but also more complex (North, 1974; Massey, 1975; Tornquist, 1977; Shepard, 1980; Shaffer, 1989). By using game theory and bounded rationality, decision-makers are "permitted" to set multiple objectives for their firm, including purely nonmonetary goals. Sales must at least equal costs, of course. It is assumed that decision-makers do not have complete information and might not be able to process it even if they did. Some decision-makers are more sensitive to non-economic information than others and all of them filter information through their own experiences and perspectives (Lloyd and Dicken, 1977). Similarly, information about future events and conditions are assumed to be uncertain and therefore decision-makers view them in terms of probability.

The product cycle theory stresses the relationship between the stage of product development and labor requirements. It is argued that in the initial stage of product development, labor with a high degree of skill is required. Later, when the product has reached a stage of standardized production, the labor requirement is for low-skill, tedious, and repetitious work. When a product has reached an advanced developmental stage, it may be cost minimizing for the manufacturing firm to relocate to an area of lower labor cost. Or in the case of multiple-product, multiple-location firms, it may be cost effective to locate the routine production activities in lower labor cost areas. Since rural labor market areas often have relatively lower wage rates than urban areas, the product cycle theory would lead to expectations of a "filtering down" of bottom of the cycle production to rural labor markets (Alderfer and Michl, 1942; Thompson, 1965; Averitt, 1968; Norton and Rees, 1979). Bloomquist's (1988) assessment of rural manufacturing certainly provides strong support for this theoretical model. The product cycle theory is also employed to explain the further movement of bottom of the cycle production to "off-shore" locations; especially to free enterprise zones in Third World nations (Falk and Lyson, 1989).

The central place theory uses an image of hierarchical spatial organization of economic activities to account for differences in the size and functions of urban places (Losch, 1959; Christaller, 1966). Rural service centers and the surrounding farms, viewed as the "hinterland" of these smallest urban places, are the basic elements in the hierarchical system. Larger urban places develop to serve the smaller ones with each layer in the hierarchical system providing a distinctive set of economic activities not found in the smaller urban places. In a sense, this is reminiscent of the "demand maximization" model, except that the demand is generated by markets in the smaller places. The hierarchical organization of places constitutes a system of areas wherein each higher level has a larger central place with a broader range of economic activities and a larger subordinate area (or hinterland).

Because the theory emphasizes economic interdependence among urban places of varying sizes, it promises to offer guidance for those searching for ways of stimulating labor demand in rural labor market areas by linking the system of cities with export base theory. Unfortunately, the empirical work in the U.S. based on the central place theory has been largely concerned with descriptive comparisons of the economic characteristics of different size places. However, it has provided a basis for arguing that service industries cannot provide a stimulus for increasing labor demand in rural labor market areas. Applying a logic reminiscent of the product cycle theory, Miller and Bluestone (1988) argue that household-oriented services will be distributed in relation to population size, while business-oriented services which can market over large geographic areas will continue to locate in metropolitan areas where they can take advantage of the cost and marketing advantages of agglomeration. If this argument holds, rural labor market areas face a future of "residual specialization in certain consumer services of the kind provided by government, recreational, and retirement businesses, and some distributive activities (Miller and Bluestone, 1988: 139)."

Supply-Oriented Theories

The supply of labor consists of the number of workers willing to sell their labor at a specified wage rate and stipulated set of skill requirements. A great many factors may operate to determine the labor supply which include the time required to acquire skills, the proportion of the population with the ability to acquire the requisite skills, competing opportunities for work activities, and non-monetary goals of the potential workers. Institutional factors may also operate to shape (or distort) the supply of labor as when hiring rules operate to exclude certain categories of workers (Kerr, 1983).

The neoclassical model as described above serves as the starting point for a number of contemporary labor market theories which differ largely in their choice of neoclassical model elements requiring refinement. Human capital theory (Becker, 1971; 1985) emphasizes labor supply in explaining the operation of labor markets. According to this theory, workers are hired and retained because of their productivity which is a function of their skills and knowledge, acquired through schooling, training, or work experiences. Workers are paid a wage rate based upon their productivity relative to competing workers. Therefore, workers may increase their future earnings by investing in productivity-increasing activities, ie. schooling and training. By assuming that all individuals follow this rational model of investment, the human capital differences among individuals, therefore, are said to result from variations in their expectations for annual returns on investments, in costs of acquiring human capital, in total returns on investments, in calculations of discount rates, and variations in their talent or ability. The theory makes no concession to labor demand factors or to hiring rules which may limit the access of some individuals or groups to full participation in the labor market. Moreover, it leads to public policies which place the burden of labor market adjustments entirely on the workers.

. . . it has been relatively easy for industry to either relocate or to cut back levels of employment.

Institution-Oriented Theories

Critics of the human capital theory and demand-oriented theories argue that they ignore important aspects such as the organization of work, the interplay between work structures and markets, the interrelations among work structures (industries, firms and locations) and their impact on the operation of labor markets (Farkas and England, 1988; Osterman, 1988; Kalleberg and Berg, 1987; Whitener, 1989). Kalleberg and Berg have proposed an analytic framework in which they argue, "Work structures describe the ways in which labor is divided, tasks allocated, and authority distributed... (1988:3)." Moreover, they believe that research has shown "that many work-related inequalities among individuals are generated by correlates of such work structures as firms, industries, occupations, classes and unions (Kalleberg and Berg, 1988: 3)..." Among the labor economists and sociologists who emphasize organizational and institutional factors there are three major discernible approaches: those which focus on internal labor markets, those concerned with dual and segmented labor markets, and those calling attention to the informalization of labor markets.

Internal Labor Markets.

J.R. Commons (1924) emphasized that economic activity is social, and that the basic unit of analysis is the transaction (employment being one type). He identified two aspects of the organization of production (referred to as the "going concern"): 1) the *technological process* of production, consumption etc. of physical things (commodities) and 2) the *business process* of "buying, selling, borrowing, lending, commanding and obeying according to shop rules, working rules or laws of the land (1924:8)." Economizing is limited by laws, rules and norms of behavior, which generally have been neglected in economic theory. Institutional theory claims that there is something more fundamental than supply and demand forces—the context within which a market is permitted to operate. Internal labor market (ILM) theory is an institutional approach to the political economy of employment transactions. As such, it seeks to understand the context, the rules, the institutions (formal and informal) which structure labor markets, and within which, more or less, supply and demand forces are permitted or encouraged to operate. Rules at the level of the employment transaction are related to rules at the national level and economic policy more generally, so that institutional labor economics can be thought of as a subfield of institutional economics.

Much has been written over the last twenty years on ILMs, particularly as they relate to dual and segmented theories (next section) of structured markets. There is considerable debate, however, as to what ILMs are, their origins historically, what factors influence their proliferation, decline or transformation, and how to distinguish different types in different settings (eg. cross-cultural, regional, occupational, industrial or organizational). The rest of this section intends first, to clarify some of the definitional issues and second, to suggest some applications of ILM theory to the recent trends in rural labor markets.

ILMs were first discussed by a group of "neoinstitutional" labor economists in the US (among others, Reynolds, 1951; Kerr, 1954; Dunlop, 1957). Labor markets are conceptualized as structured with internal and external aspects.[1] The internal aspects are defined by institutionalized rules, either formal or informal, and of two types: the craft markets which represent job mobility across firms and the industrial markets which represent mobility within the firm or establishment. According to Kerr (1954), unions are the most important institutions structuring labor markets and influencing the market context. Seniority is the source of employment security for the industrial type ILM, whereas the accumulation of skills and the regulation of the supply of skilled workers is the source of worker security for the craft ILM. The procedures and substance of rules are historically determined matters, thus, institutional theory maintains an inductive orientation.

In the recent past, ILMs have been given a more neoclassical interpretation. Based primarily on human capital theory and the distinction between general and specific job training, ILMs are explained as resulting from a maximizing logic that, for the most part, benefits both workers and employers (Doeringer and Piore, 1971; Williamson, Wachter and Harris, 1975). In order for the firm to reduce turnover in those jobs which require specific training (human asset specificity), it is economically rational for the firm to offer job security through job ladders and lifetime employment opportunities. What is emphasized in these analyses is the economic rationality of ILMs from the employer's point of view.

Edwards (1979) account of the spread of ILMs is fundamentally consistent with this view, however, he emphasizes the need for control of the labor force rather than efficiency concerns. Still, ILMs are thought to be rational and in the employers' best interest because employee cooperation and employer discretion, required for the exploitation of labor, is being exchanged for worker job security and internal mobility. Craft or occupational type ILMs and unions[2] generally are neglected in these more recent analyses, which partially explains why ILMs have come to be understood simply as labor markets internal to the firm. We wish to maintain a broader conceptual framework. Accordingly, ILMs are loosely defined here as relatively homogeneous groupings of workers, the boundaries of which are determined by barriers protecting insiders and excluding outsiders. These barriers take a variety of institutional forms, such as unions, certification and credentialing, personnel practices and discrimination.

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[1] Lloyd Fisher's (1951) detailed analysis of the "unstructured" agricultural labor market in California could be considered the first explication of the "secondary sector" in much of the later Dual Labor Market literature. What is interesting to note is that he distinguishes the unstructured market by five conditions: 1) no unions 2) impersonal relations between employer and employee 3) unskilled work with no skill hierarchy 4) pay by piece rates rather than by time and 5) "little or no capital machinery." He identifies two main barriers to mobility into nonagricultural employment, discrimination by employers and restrictive practices (including race prejudice) by unions to limit their labor market supply. He also relates the barriers to mobility to the wage differentials between the structured and "unstructured" markets.

[2] Edwards discusses unions as having an indirect influence on the development and spread of ILMs. According to this view, ILMs are a device to ward off unionization and labor unrest, and unions are not described as key negotiators of ILM rules.

Several typologies, all of which are variations on Kerr's original categories, have been proposed (Doeringer and Piore, 1971; Althauser and Kalleberg, 1981; Osterman, 1984). Kerr's emphasis is on unions, either of the craft or industrial types. Doeringer and Piore outline three variable aspects of the craft and industrial types: first, they can be open or closed with many or few ports of entry; second, they can have broad or narrow job clustering and opportunity for movement; and finally, they can emphasize job advancement by seniority, ability or a combination of the two. Althauser and Kalleberg distinguish ILMs (either occupational or industrial) by ongoing training; and Osterman, in addition to the craft and industrial types, adds a third type of ILM which has relevance for the analysis of rural labor markets. He calls it the "Secondary ILM"[3] referring to low skilled, poorly paid, short-ladder job groups, which may or may not have long tenure.

None of the typologies has been applied in a comprehensive way to the examination of structured labor markets. An integrated institutional approach would include such factors as technology and skills (Doeringer and Piore, 1971; Berger and Piore, 1980), the needs and motivations of employers (Edwards, 1979; Osterman, 1984; Williamson, Wachter and Harris, 1975), the organization of labor (Kerr, 1954; Rubery, 1978), the role of the state in the formation of relevant institutions (Loveridge and Mok, 1979; Loveridge, 1983), and an understanding of the historical context which threads these factors into a coherent institutional complex (Jacoby, 1984).

Doeringer (1984) conducted a study of two rural labor market areas in Maine in order to assess the nature of ILMs in rural areas. The areas he selected are 99% white, so his results are limited in their generalizability, particularly to Southern regions of the U.S. His main objective is to explain the trend of the 1970s for higher employment growth in nonmetropolitan areas than metropolitan areas, as well as the conditions of rural employment more generally. In the two case studies Doeringer finds a predominance of jobs and outcomes which in some ways are characteristic of the "unstructured" secondary labor market. For example, they are low-wage and low-skilled jobs. Yet, in other ways these jobs have characteristics of ILMs in the primary sector in that tenure can be long, not because of job specific training or craft skills, but due to informal agreements between employers and employees.

According to Doeringer, it is not the work ethic of rural employees, and it is not the stick of unemployment and underemployment which explains the loyalty of workers. Rather, it is "paternalism," informal agreements, quid pro quo exchanges of an assortment of uncodified benefits (relative job security being one of the most important) for loyalty, low wages, and flexibility in deciding employment levels. Referring to these practices as gift exchange, Doeringer makes the point that "[t]he employers' gift, however, is harder for the worker to replace than it is for the employer to find another loyal worker (1984:285)." The power differential favors the employer so that rural ILMs are less secure, for example, than the craft or industrial types.[4] Due to the prevalence of informal job arrangements and low-wage, low-skilled jobs in rural compared to urban areas, it has been relatively easy for industry to either relocate (possibly outside the US) when new locations become preferable or to cut back levels of employment. It is the permeability of the barriers which permit easier shifting of employment levels in rural areas. ILM theory does provide some explanatory power for recent changes in rural labor markets. More extensive research is required, however, to confirm the relevance of the theory across the variety of rural locations in the US.

Dual and Segmented Labor Markets. Dual and segmented labor market theories are the conceptual cousins of ILM theory as proposed by Kerr, but differ in at least two ways. First, these theories simplify the fragmentation issue. Dual Labor Market (DLM) theory groups ILMs into a single primary sector, distinct from the secondary sector which is the external, unstructured market (Doeringer and Piore, 1971). Segmented Labor Market (SLM) theory identifies two or more segments in the primary sector, and the external labor market becomes the "residual" or secondary sector (Loveridge and Mok, 1981). Second, DLM and SLM theories seek to understand the fragmentation process by analysis of the barriers to mobility across sectors. These are alternatives to neoclassical theory as explanations of wage differentials and mobility patterns.[5] The focus is on sex and race discrimination and the disproportionate location of women and racial and ethnic groups in the secondary or residual sector. They have made a contribution by their concern for the poor and disenfranchised groups in society and by their attention to the lack of institutional supports and power bases from which these groups can build their own protective structures or institutions (Gordon, 1972; Loveridge and Mok, 1981). Policy concerns have been central to the arguments. However, for the most part (Loveridge and Mok are exceptions), these theories have tended to neglect the importance of the organization of labor into unions or bargaining units and have therefore neglected the motivations and capabilities of labor in the barrier building process, including the perpetuation of discriminatory practices.

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[3] Osterman's terminology is somewhat confusing because in the Dual Labor Market literature, the "secondary sector" is outside and separate from structured ILMs. The secondary sector in Dual and Segmented LM theories is conceptualized as the external competitive labor market distinct from internal market clusters. Osterman's "Secondary ILMs" are less secure with less mobility than craft or industrial ILMs, but still they are job clusters with internal patterns of mobility.

[4] Rural ILM arrangements, as described by Doeringer, are closer to Osterman's "Secondary ILMs".

[5] Cain (1976) reviews the Dual, Segmented and Neoclassical approaches.

There have been many empirical studies attempting to prove the existence of duality or segmentation in the labor market. Some have built upon the dual economy dynamic described by Averitt (1968) and applied the core-periphery industry distinction to labor force participants who work in these industries (Hodson, 1978; Beck et al. 1978, 1980a, 1980b; Tolbert, 1982; Tolbert et al., 1980; Oster, 1979). The logic is that core industries are more likely to be structured in their employment practices along lines suggested by the primary sector, with periphery industries more likely to maintain secondary sector employment patterns. Others have used occupational distinctions comparing those occupations which generally involve either primary or secondary sector-type conditions of employment and then proceed by some method to test the different outcomes (usually wages) for employment in each of the sectors (Rosenberg, 1978; Osterman, 1975). More recently, Dickens and Lang (1985) sought to overcome selection bias and the ad hoc method of testing the theories with a method which does not decide ex ante which occupations or industries ought to be in which sector, acknowledging that each industry or occupation can contain both sectors. Their results confirm the theory, but have been questioned on the grounds that the model used is sensitive to specification while the factors influencing wage outcomes are far more complex than their model suggests. There have been comprehensive critiques of DLM and SLM research methods and their theoretical foundations (Taubman and Wachter, 1986; Cain, 1976; Zucker and Rosenstein, 1981). Without empirical support using quantitative modelling methods, the importance of dual, segmented and internal labor market theories for the general field of labor economics is probably limited.

Doeringer finds DLM and SLM theories insufficient and inconclusive as explanations of labor market conditions in rural areas. He states: "Anecdotes from employment and training officials in rural areas. . . suggest that neither human capital models nor segmentation theories based upon sex, race, or industrial divisions in the labor market are applicable (1984: 272)." There is ambiguity in characterizing many rural jobs as part of the secondary or residual sector. The dual and segmented distinctions emphasize technology and skills as the most important determinants for the lifetime employment patterns of workers, where there is a positive correlation between low-wage, low-skill and high turnover. Rural labor markets do not fit this pattern.

The Emerging Informalization of Labor Markets. To the contemporary reader, industrial homework may sound like an artifact of bygone days, an activity left behind in America's early industrial days with the Ford Model T. Even among the research of social scientists and labor statisticians, homework as an informal economic activity is quite invisible. It was assumed to have existed only in an "earlier, harsher stage of capitalism, when nakedly greedy men exploited unorganized and defenseless workers (Leidner, 1987)." The Fair Labor Standards Act of 1938 which prohibited the most common forms of homework was thought to have succeeded permanently in eradicating homework in the United States.

That does not seem to be the case. Starting in the 1970s, the popular press once again began exposing the resurgence of "illegal sweatshops" and cottage industries in the older industry of garment-making, and in the newer clerical and electronics industries (Christiansen, 1985; Boris, 1986; Leidner, 1987). Today, as in earlier periods in the United States, homework is paid by the piece or unit of production, and is characterized by an absence of fringe benefits or job security. Homework is defined as income-generating activity done in the residence for an outside employer or an intermediary. Usually, urban centers are mentioned as the locations where industries employ most homeworkers (Lipsig-Mumm , 1983; Sassen-Koob, 1986). More recently, however, some press attention has centered on "farm-factories," the relocation of industries to depressed rural areas and the employment of rural families in farm-based assembly work.

The focus is on sex and race discrimination and the disproportionate location of women and racial and ethnic groups in the residual sector.

This resurgence of homeworking is seen by some authors as part of a more inclusive process of increasing use of informalized labor which is not confined to the United States, but is an international development. While Sassen-Koob (1986) has examined informal labor and homework in New York City, and Katz and Kemnitzer (1983) expose homework in the high-technology Silicon Valley, other researchers are investigating homework abroad. For example, Benería and Roldán (1987) document the use of homework in Mexico City, Portes and Benton (1984) in Latin America generally, Truelove (1987) in rural Colombia, and Fernandez-Kelly (1983) examines informal activity relative to the Border Industrialization Program situated on the US-Mexican border. Castells and Portes (1986) further the comparative perspective by focussing on informal activities in developed economies such as Italy and Spain, as well as within the United States. These examples, it is argued, indicate that the resurgence of homeworking and other informal activities are not the result of random cases of profit-seeking or vestiges of our preindustrial era, but are a response to a more fundamental and global process.

The informal economy is defined as a dynamic process, rather than a concrete or static object, which is characterized by the following: "it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated (Castells and Portes, 1986:2)." While the product of this relationship is usually an item legitimately sold in the market, the terms of the relationship may not be, and usually involve lack of protection, underpayment, insecurity and dependence for the worker. Homework is one type of informal activity, as are sweatshops.

Protagonists argue that the resurgence of informal economic activity is a response to global restructuring initiated to overcome the structural crisis in capitalism occurring during the 1970s (Sassen-Koob, 1986; Fernandez-Kelly, 1983; Castells and Portes, 1986; Portes and Benton, 1984; Portes, Benton and Castells, 1989). There are several underlying causes for the increase in informalization on the international level, which apply to rural as well as urban informal activity. Most often mentioned is industry's reaction to growing working-class strength during the 1960s. Unions impede capital accumulation by organizing workers' demands for insurance, health and safety standards, and higher wage and benefit packages. Informalization is a way to decentralize and isolate the labor force in order to avoid the costs of unionization. In Italy, the strong and developed informal sector of the 1980s has come on the heels of strong labor organization gains in the 1960s. Fiat slowed down production in the 1970s, increasingly moved toward an informal labor force, and has resurfaced in a strong financial position in the 1980s (Castells and Portes, 1986).

Sassen-Koob (1986) links informalization with the growth of the service sector in the United States, which is an indicator of manufacturing downgrading. She notes that areas experiencing sharp declines in unionization are also experiencing rapid growth in high-technology and service industries, which are prime contributors to the trend of informalization. Union weakness opens the door to increasing informalization, as seen also in Miami, where use of union labor dropped from 90 percent in 1960 to 10 percent in 1980, and where informal contracting abounds.

A second aspect of global restructuring leading to increased informalization concerns employers' reactions against increased state regulation of the economy, especially in areas of labor legislation. Informalization becomes a means to reduce production costs involved in taxes, social insurance, and maintenance of health and safety standards, all of which are passed on to homeworkers. "The rise of the welfare state promoted subsequent informalization, directly, by stimulating companies' efforts to escape its reach and, indirectly by weakening the resistance of the working class to new forms of labor organization (Castells and Portes, 1986: 18)."

The impact of international competition in all industries has resulted in competition to decrease labor costs, resulting in an increase in informal economic activity. Industrial capital is increasingly integrated internationally and thus the industries in developed economies find themselves searching for ways to compete with low-wage sectors of workers in newly industrializing as well as in reindustrializing countries.

Piore and Sabel (1984) argue that "flexible specialization" is an important industrial strategy coming into increasing use as a means to reduce labor costs, increase capital productivity and thus sharpen international economic competition. Under this strategy, workers develop a variety of skills which allow them to adapt rapidly to constant innovation. A flexible, multi-skilled workforce enables a given industry to adjust to the frequent changes required by small-batch production without the expenditures of retraining and retooling. Furthermore, workers are seen as benefitting from this revised "craft-oriented" organization, as the basis of their value to a firm will be the skills they accumulate. Piore and Sabel believe these shifts will result in greater worker autonomy and control over the work process.

Not all authors in this area share their enthusiasm (Greenwood, 1988). The benefits of increased skills and autonomy are seen as the harvest of a small proportion of white collar workers. The workforce in general, however, will experience greater segmentation as a larger proportion of blue collar workers will enter downgraded jobs in the secondary labor sector. Just as technology allows for greater skill accumulation for some workers, new technology allows jobs to be "deskilled" by breaking down the labor process into basic components which are then dispersed among workers. These jobs require less skill than previously, and the production process gains both mobility and dispersion.

A fourth underlying cause of increased informal labor is contained in the process of industrial development in previously undeveloped areas. These countries respond to international industrial competition by informalizing their labor force in order to attract investment.

Finally, Castells and Portes (1986) cite informal labor as a response to increased harsh living conditions resulting from the economic crisis. People may choose informal types of labor both as a means of survival and because it represents more personalized working conditions. "The informal economy is both the mirage of individual economic opportunity and the means for personalized survival out of the crisis (20)."

One other factor suggested by the neoclassical economic literature is the increasing availability of pools of immigrant labor which readily absorb informal labor. However, the available evidence refutes this position by noting that homework is performed for US electronic firms by white, Anglo women in New York and California (Sassen-Koob, 1986; Katz and Kemnitzer, 1983), for Italian shoe and cycle firms by native non-immigrant women, and for Spanish garment and footwear industries by native Spanish women (Castells and Portes, 1986). In Latin America, most homework is performed by domestic migrants, often moving from rural to urban areas (Beneria and Roldán, 1987).

Castells and Portes (1986) and Sassen-Koob (1986) note several economic effects of the trend toward informalization. They are: decentralization of the work force and of production, flexible production, delays in the trend toward full automation, decreased labor productivity, increased capital productivity, decreased labor costs, and destabilization of the welfare state. Fernandez-Kelly (1983) also notes that informalization allows industry to diversify its economic and political risks, and that it brings married women in Latin America into the wage labor force. Lipsig-Mumm (1983) points out that fragmentation of the labor force stimulates competition among homeworkers and between home and factory workers, weakens potential for unionization, contributes to the growth of contracting and sub-contracting, and undermines full-time factory jobs.

Two other general aspects of informal labor are important. First, the informal sector is not isolated or marginalized relative to the formal sector, but is an integrated and significant component. Italy's economic recovery has been credited, in large part, to the increasing use of informal labor in the last decade. Second, the informal sector tends to develop and flourish under the knowing tolerance—even active encouragement—of the state. In Latin America, "governments tolerate or even stimulate informal economic activities as a way to resolve potential social conflicts or to promote political patronage (Castells and Portes, 1986: 16)." While in Europe, the governments of developed industrial nations have come to depend on informalization as a means of reducing unemployment and stimulating economies out of recessionary periods. In some rural areas of the U.S. local governments are actively pursuing companies which engage in homeworking and encourage their use of local labor as part of an overall economic development strategy (Gringeri, 1989).

That informal labor relations are "at home" in rural areas should come as little surprise, given the trends discussed earlier. The greater prevalence of routine manufacturing jobs, and the documented growth in low-wage and low-skill work in rural areas suggest that the line between formal and informal activities in this context may indeed be quite fine. Higher rates of poverty in spite of the presence of an earner in the household, higher rates of unemployment and underemployment, and greater disparity between metro and non-metro household income all point to the potential for growth of informal activities. The depressed agricultural economy means greater numbers of people seeking work may be willing to accept low piece-rates, job insecurity and no benefits in exchange for a somewhat increased household cash flow.

Industrial homeworking is an indicator of industry's efforts to implement restructuring in response to the fiscal crises of the previous decade. Homework in the U.S. is increasing precisely when unionization is diminishing, and, in the case of rural areas, is increasing precisely where unions have never been dominant. Industrial relocation thus avoids urban potential for unionization, and basks in rural areas almost outside of unions' reach. Especially when the final product is destined for the domestic market, industrial homework in local areas makes increasingly "good sense" to industrial managers.

In this era of deregulation and fiscal conservatism, we can expect to see industrial homework developing under the tolerance of at least local governments, especially in rural areas. Informal work as a normative relation of production is illustrated not only in the Latin American context, but also in the context of rural America: family farms have a long history of casual, cash-based economic activities, such as "egg money," which set the foundation for the acceptance and entrance of informal labor like homework. Thus, industrial homework in rural America is a relatively and practically unexplored piece of a larger, international mosaic.

The Agricultural Labor Market and the Diversity of Rural Economies

The unvarnished truth is that neither labor economists nor sociologists have turned their attention to the task of explaining the rural labor market trends outlined above; especially with reference to these theoretical perspectives. The exception is a relatively small body of literature dealing with the agricultural labor market which has been summarized recently by Leslie Whitener (1989). Historically, there have been studies of farm labor, the transition of workers from agricultural to nonagricultural pursuits, and status attainment processes among rural youth. But these studies were designed primarily to describe conditions apparent in earlier decades; principally those of rural America from the end of World War II until the mid-1970s. When attention was given to rural labor markets, not just farm labor markets, the focus of attention was on human resource development, employment and income, and employment and training problems (Marshall 1971, 1974; Rungeling et al 1977; Leonardson and Nelson 1977). Almost without exception this literature was dominated by the logic of neoclassical labor economics; human behavior is rational, profit maximizing under varying constraints and is the product of interactions of individual decisionmakers in competitive markets.As we analyze above, the more recent accounts stress segmented labor markets and reject the neoclassical assumptions of homogeneity and interchangeability of labor. Moreover, they argue that segmentation extends beyond two or three sectors and generates a multiplicity of smaller and more specialized labor markets. Horan and Tolbert (1984) appear to have demonstrated that among 51 labor market areas in the Southeastern U.S., it is reasonable to argue that market areas dominated by agriculture are measurably different from urban and other rural labor market areas. Workers in agricultural labor market areas encounter different market conditions and experience differences in labor market outcomes, such as earnings, employment, and family income, when compared to workers in non-agricultural labor market areas.

Other researchers have pushed the heterogeneity argument further and suggest that the agricultural labor market is a heterogeneous mix of work structures, relations, and locations (Friedland, 1984; Lancelle, 1981; Lyson, 1982; Whitener, 1985). For example, Lyson argues that the agricultural labor market can be disaggregated into three meaningful occupational families: production agriculture, agribusiness, and agricultural education/research. His empirical analysis led him to conclude that the three situses differ in terms of socioeconomic composition, economic well-being, and in the earnings determination process itself. Friedland (1984) takes a more class analysis route and distinguishes between family farm labor and four groups of hired farm workers: managers and supervisors, permanent year-round employees, career farmworkers, and casual farmworkers. He argues that each group operates under a different set of factors affecting labor supply, equity, and costs and benefits and is joined in this belief by several other researchers who have identified segmentation in the hired farm labor market. Lancelle (1981) concludes that the hired farm labor market is segmented into primary and secondary jobs sectors according to the location of stable and marginal jobs which parallels the work of Osterman (1988). Others have noted market differentiation by commodity, region, size of the farming enterprise, and type of farm activity (Martin et al, 1985; Glover, 1984; Emerson et al, 1976).

While it is clear that contemporary studies of the agricultural labor market are incorporating the concepts of the segmented labor market theory, the research is largely descriptive at this point. It is too soon to tell whether studies will move beyond the descriptive stage and achieve an integration with the broader theory. Given the increasing size of farming enterprises and the expanding use of hired labor, it seems reasonable to expect further developments along the lines of segmentation studies. At the same time the recently enacted legislation regarding U.S. immigration policy and the current financial conditions of U.S. farms could have implications for the supply and demand of labor in agricultural labor markets. In this regard the processes of informalization of labor seem particularly relevant although very little theoretically related empirical research has been directed to this set of issues.

Such studies, focusing on the agricultural labor markets, tend to ignore the restructuring of rural economies toward greater diversity. This has several important implications. As manufacturing and service industries become more significant elements in local economies, the conditions and organization of work associated with them come to play a greater role in shaping the conditions and performance of rural labor markets and market areas. For example, rural areas with a greater reliance on manufacturing linked labor markets are more open to the consequences of shifts in production technology. Similarly, rural labor markets are more linked to national and international economies which makes them more sensitive to macroeconomic policy, business cycles and global competition.

These shifts also signal the increasing relevance of broader labor market theories of sociology and economics for understanding the conditions of rural labor markets and rural labor market areas. Rural areas and markets are no longer isolated from the mainstream processes of the economy, society or politics. Consequently, theories which treat work and labor markets in rural areas as "ghetto" phenomenon are largely undermined and irrelevant.

Likewise, these shifts have dramatically altered the context for rural policy. Where once rural policy was closely aligned with agricultural policy, the options are now far more diverse and complex. Moreover, the diversity among rural areas of the U.S. means that a single rural policy is unlikely to be equally adept in addressing the problems of all rural areas. Brown and Deavers (1988) have summarized the situation quite cogently.

> The diversity of rural economic conditions indicates diverse paths to economic viability. Some areas will consolidate their economic development efforts around current activities; others will seek to transform and diversify their economies from goods-producing to a broader representation of services; others will specialize in residential and consumer service activities. Some areas will be successful in maintaining or expanding their levels of economic activity. Others will experience decline. Recognizing that rural areas are increasingly interrelated with each other and with the Nation as a whole, go-it-alone, community-specific economic development efforts appear to be increasingly inappropriate in tomorrow's rural America. (26).

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The Nuts and Bolts of Subsidized Development: Industrial Homeworkers in the Heartland

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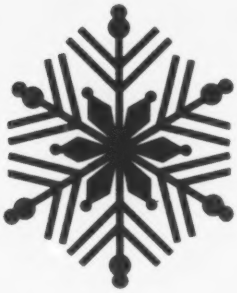

Rural development strategies often depend upon industrial relocation to boost local economies, create jobs, and relieve unemployment (Summers & Branch, 1984; Summers et al, 1976). Recently, much emphasis in rural development has been on the creation of non-agricultural wage labor as a means of stemming the decline of "the family farm."

In turn, industry has often looked to rural areas as fertile fields of surplus, low-wage labor, in the same way that it has chosen to relocate from North to South, or to off-shore locations, or to increase the proportion of subcontracted labor in order to remain competitive in the world market (Sassen-Koob, 1986; Truelove, 1987). In some cases, industry employs more than one strategy simultaneously; for example, increasing subcontracted labor in rural areas, much of which may take place at the worker's residence, rather than in a factory or office. As economically depressed rural areas seek to attract industry to their communities, one possible strategy is the development of industrial homework jobs, in which industry acts as a distant employer of rural families in home-based assembly work (Fink, 1986; Christensen, 1985; Kraut & Grambsch, 1987).

This study examines how industrial homework has become an integral part of economic development in two rural Midwestern communities. The factors which support industrial homeworking jobs in these rural areas are local economic conditions, principally the decline in agricultural and manufacturing sectors, and the active support of the state in recruiting employers of homework. At the same time, industrial firms attempt to remain competitive by restructuring production and relocating employment, one result of which is the use of industrial homeworking. These supporting factors will be discussed below.

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The early 1980s brought difficult times economically for small communities that were either agriculturally dependent, or reliant on manufacturing for employment. The decline in the values of land and farm products and high farm indebtedness resulted in local economies unable to absorb the growing numbers of people seeking wage employment. In areas highly dependent upon agriculture, local businesses suffered from the reduced cash flow in the retail market. The primary resource this type of community can market to an outside industry is its willing, compliant and often cheap, labor supply. Married women in rural areas are a large segment of this labor supply, many of whom are newly seeking wage labor, or have been laid off from local industries now closed. To a large extent, the rural work-seeking population in the 1980s was formed by the increased need for household income, decreased security of farming income, and the insecurity and limitations of local employment options (Summers, Horton and Gringeri, 1989). This is part of the context in which informal labor relations developed.

The importance of industrial relocation to local development converges with the industrial sector's contemporary efforts to restructure production and regain a competitive position in the world market. As documented by scholars such as Piore and Sabel (1984) and Harrison and Bluestone (1988), the trend toward decentralized production, including the growth of informal labor, the separation of larger plants into smaller, dispersed factories, and the deskilling and relocation of jobs to low-wage zones, such as rural areas, are all aspects of this process. Industrial firms are in a favorable market for relocation as rural areas and local states are giving high priority to industrial development. This dual process of restructuring production and relocating employment makes informal sector homework one option available to be considered as a rural development strategy.

The homeworkers in this study are what some researchers would call "disguised wage laborers"

However, the increased need for wage employment and the availability of mobile manufacturing jobs are not enough to make industrial homework part and parcel of rural development. In the case of providing "secondary jobs" for local unemployed women, the local state development process is buttressed by a particular understanding about how households are organized, who does what work, and how that work is valued. Traditional sex role expectations about women's paid and unpaid work that lead industry and development officials and indeed, the workers themselves, to speak of homework as a "wonderful opportunity" for women workers are a necessary, though not sufficient condition, for homeworking to become part of an accepted rural development strategy. Home-based industrial production depends on traditional, hierarchical gender relations both in the home and in the labor market, while the material conditions of the work itself tend to reinforce and reproduce these same relations.

Industrial homework as a development strategy in this context can be understood as subsidized development in two ways. First, through the working conditions of this type of employment, the workers themselves, largely women, are materially subsidizing industrial development. These conditions include variable low pay, lack of social insurance benefits, low pay for training periods, contributions to refine the work process without remuneration, and the Company's demands for rush work orders and standards regarding rejected work. Women workers also tend to subsidize this kind of development through their unpaid contributions to the household such as responsibilities for housework and childcare. Second, I understand this kind of development to be an indirect state subsidy of particular sets of domestic relations: while informal sector homework reinforces and reproduces traditional sex roles, the local state, through training grants, building subsidies, and tax incentives, is in effect, supporting the maintenance of domestic and labor market relations in which women are defined as low-paid, secondary workers. The information gathered in this study, then, furthers our understanding of the importance of gender relations to informal sector work and rural development.

Homeworking: A Brief Historical Overview

Historically, the conditions of homeworkers have always raised questions and concerns. The early history of industrial homeworking in the United States reads in part like a history of gross labor violations: low pay, long hours, unhealthy and unsafe conditions, and extensive use of child labor. The Federal Government had (and still does have) great difficulty regulating and enforcing adequate working conditions for homeworkers. In the late 1930s and early 1940s, the Fair Labor Standards Act was used to decrease and supposedly eliminate homeworking in seven regulated industries, of which the garment industry was the largest. But homeworking was never completely eliminated, partly because of the difficulty in enforcing regulations for invisible workers, and partly because home-based labor began to emerge in the employment patterns of unregulated industries, such as clerical and electronic assembly work.

What is new and interesting about contemporary uses of informal sector labor, especially the use of home-based wage labor, is that it is occurring in all industries, from the traditional garment manufacturing sector, to white collar computer work, to pink collar clerical work, and to blue collar assembly work. The defining characteristics of contemporary informal jobs are those aspects not governed by institutional or contractual regulations, but which have come to be considered normative aspects of the worker-management relationship. These include the lack of security inherent in a weekly contract over which the worker has no control; the lack of employer contribution to social benefits; the responsibility the worker takes for payment of taxes and social benefits; the development and use by workers of a private workspace; the lack of control over regularity and quantity of work; and The Company's lack of coverage for work-related injuries and health insurance.

Methodology

In order to study homeworking as part of rural development, I interviewed seventy-eight homeworking households in two rural communities that had initiated cottage industry employment in different states of the upper Midwest. All of these workers were employed at home to assemble various kinds of screws and bolts for General Motors vehicles. I used a semi-structured interview agenda to cover topics such as working conditions, the division of labor in the home, and the worker's various contributions to the process of production. Interviews took place in the workers' homes, lasted generally about one and one-half hours, and were tape recorded.

This method generated a great deal of data once the interviews were transcribed, and content analysis was utilized to identify emerging and recurring themes. Some of the themes in the analysis include: the process of getting the job, which shows from the workers' perspectives some details of rural internal labor markets; how the work is shared among family members and across households; the contributions workers make both to develop their own workspaces and to refine the production process; and how the workers assess the advantages and disadvantages of homeworking. Additionally, some of these themes are further analyzed in the context of their meaning for worker-management relations in the informal sector. For example, I look at the varied meanings of flexibility, an attribute of home-based work often cited by workers and proponents of homework as the main advantage of the job. I also examine the meanings of supplemental income and part-time work, the external controls over the quantity of work available to the workers, and other working conditions, such as pay, hours, and benefits. The workers also compared homeworking as a job to local job options they saw available to them, looking at pay, hours and working conditions.

Homeworkers in the Heartland

In order to understand contemporary homeworking in the context of local development, it is necessary to discuss the labor relations between the employer, The Company, and the homeworkers. The Company defines these workers as "independent contractors," but because they are contracted to work for only one company, they are legally considered wage employees in the home. Their weekly contract with The Company distinguishes them from the truly self-employed, or independent contractor. These homeworkers have no control over their working conditions, including workload, pay and other benefits, and hours. The Company sets the time for the return of completed work, determines the piece rate for each type of bolt on the weekly contract, and sets the quantity and availability of work.

The homeworkers in this study are what some researchers would call "disguised wage laborers" or informal sector workers (Truelove, 1987). They share attributes of the labor relations of both employees and of self-employed workers. Similar to the work conditions of employees, there are external controls on the hours, quantity, quality and regularity of work for the homeworkers. Like the self-employed, these homeworkers are responsible for Social Security and any other social insurances, and the collective personal and productive resources in the household are used to accomplish the work. Unlike the self-employed, the informally employed homeworker does not control the means of production or the distribution of the profits of production. The homeworker who is informally employed essentially shares all the risks of self-employment with few or none of the benefits. Similarly, in comparison to the in-house employee, the homeworker shares the aspects of controlled production with none of the benefits of social insurance coverage or job security.

> The homeworker who is informally employed essentially shares all the risks of self-employment with few or none of the benefits.

These distinctions in the employment status of homeworkers were clearly delineated during the interviews when the workers described conditions relating to the pay, the quantity, and the regularity of assembly work. It is the labor status of the workers which is the key concept in understanding homework as worker-subsidized development. For the purposes of this paper, I am going to focus on two major themes, the general working conditions and the meanings of flexibility, in order to illustrate my understanding of industrial homework as a subsidized rural development strategy. In the following discussion, the names of people, place and the company have been changed to maintain confidentiality.

Working Conditions

The general working conditions of industrial homework illustrate in part the material subsidies all workers contribute to this kind of industrial development through specific aspects of their relations to The Company. One way to view the material contributions of homeworkers is given by a comparison from the employer. When The

Company first opened the local warehouse in Prairie Hills, they told the contractors that it cost General Motors $45 per hour to have one person on the line assembling the bolts. Sending the assembly out to workers' homes reduced the labor cost to about $5 per hour. The difference of $40 per hour is not clear profit for the employer, but it does give some insight as to the potential savings in overhead when production is home-based. Further examples I will present here are Social Security coverage, the training and "adjustment" periods when they are working up speed and have a much lower hourly rate of pay, the use of rush orders and rejected work, and their development of the workspaces and technological adaptations of the production process.

The Company's policies about Social Security changed in the first few years of operation. When they started in Prairie Hills, no deductions of any kind were made from the contractors' paychecks, and all workers were responsible for contributing Social Security at the self-employed rate. During the second year of operation, The Company assembled all the contractors to inform them of the change in policy. Now the workers' status was changed from self-employed to independent contractors, and The Company was going to deduct Social Security at the employee rate and contribute the matching amount.

According to The Company, the workers' would net an increase of one dollar per week, but in actuality, there was a decrease in the net payment. The Company lowered the piece rate about 5 percent to compensate them for the employer's contribution of 7.5 percent, so that the worker, in effect, was still contributing more than the employee's share to Social Security. By decreasing the piece rate, the worker, in effect, contributed the 7.5 percent share of Social Security plus the difference in pay, which amounted to 12.9 percent of the gross amount of the paycheck. The corresponding percentage for The Company, if one subtracts the decrease from their contribution, 2.1 percent tax. The net cost to The Company of each kit completed was about nine dollars less than originally. That difference adds up to thirty-six dollars per month, per worker; multiplied by an average nine-month working year for forty workers, nets The Company approximately $12,960 annually with no corresponding loss in productivity. In the larger scheme of things, $12,960 may be a negligible amount, but in the area of Prairie Hills, that is well above what one person earns working full-time for a year at four dollars per hour, the average local wage in clerical and retail work. Looked at another way, each worker contributes about $324 per nine-month working year to The Company, or the equivalent of two weeks of assembly work.

> . . .it cost $45 per hour to have one person on the line assembling the bolts. Sending the assembly out to workers' homes reduced the cost to $5 per hour.

Social Security was handled differently for Riverton workers. At first, no deductions were made, and the worker received the gross amount per kit completed. About one year later, The Company decided to deduct Social Security "just to keep the government off our backs." However, The Company deducted Social Security at the self-employed rate from the workers in Riverton. It is unclear how this is justified, since self-employed persons are responsible for their own contributions. None of the workers understood why the tax was deducted in this manner. The rate was never changed in Riverton, either, but the end result was about equivalent: Riverton workers had 13 percent deducted from their pay, and the net result in Prairie Hills was that workers were contributing 12.9 percent from their paychecks.

The contractors were not paid an hourly wage for their training periods, which ranged from as little as an hour or so in Riverton, to several days in Prairie Hills. Riverton workers were not paid at all, and most workers in Prairie Hills remembered their pay as simply a share of the total number of pieces assembled during training. For the latter group, the average hourly pay was significantly less than minimum wage.

The period immediately following training, which I refer to as the "adjustment" period, was experienced by all contractors as a period of low pay, in which all said they could not and did not make minimum wage. For most workers, this period lasted about four to six weeks, during which time the kits took sixty to seventy hours to complete. Average hourly pay during this period for Riverton workers was about $1.50, and for Prairie Hills workers, about $2.00. Fred told me,

> I would say, anyone startin' out would prob'ly have a hard time makin' minimum wages. The first month.

There were often more work-related injuries during the adjustment period, which slowed the pace of work, too.

Workers had to adjust in other ways, as well. Many workers mentioned muscular aches and spasms, back trouble, adjusting to standing for long periods of time, and adjusting seat height appropriately for those working at presses. Lucy recalled her first months as a contractor.

> For a long time, I thought, oh, my gosh, I must be having heart trouble or something, because my left arm would just ache, and my shoulder. Then we had a three week break [from the bolts]. And it went away. And then, I started thinking about that. Now, it must have something to do with the bolts. Well, then I realized, I'm left handed. I hold the drill up in the air, going down that line of bolts back and forth constantly all day, and I'd never had that kind of strain on one arm before. And that's what was doing it. It was just the aching muscles in the shoulder. ...Or the joints started aching. I thought, oh, God, here comes arthritis now. Well, it's from grabbing into that stuff [boxes of parts]. And you just get used to it.

Sore fingers were another common complaint, and were due to handling rough-edged pieces, or pieces with graphite-like coatings. Some workers taped their fingers to lessen the chafing and cracking. Lucy concluded the list of adjustments with

> And callouses and blisters and swollen hands and aching joints, especially in the fingers. That was the hardest thing to take, to get used to.

The workers have to take responsibility for their own safety and well-being on this job. Hourly pay was definitely affected by injuries and physical adjustments, and the decrease was absorbed by the worker, since The Company did not compensate any differently during the early period of work. In effect, the worker subsidizes her own training period, first in the warehouse, and later, for at least several weeks, with substandard wages while she builds up speed and endurance.

Switching parts from week to week could mean adjusting each week. Tanya, one of the quicker Riverton contractors said, "If you get a new part in, it's gonna take you longer to learn how to do it." The Company exercised control over which part was put out each week, and frequently the workers faced re-adjustment as the parts were changed or rotated. Lower hourly pay due to this kind of adjustment was another way in which the workers absorbed the costs of flexible production.

Rush work and rejected work were other ways in which The Company passed costs on to the workers. In a formal factory setting, where one is truly working on a piece rate, rush work would result in higher weekly wages for the worker, as well as greater productivity for The Company. When done at home, rush work yields higher productivity for The Company, without increasing the compensation to the worker. Rejected work in the factory is usually weeded out and repaired, if possible, but both the original worker and the repair worker are paid for their labor. Home contractors are expected to redo the assembly work on their own time, and are only paid once per piece completed.

Working at home reduces the overhead costs of building and maintaining a facility to house both the workers and the supplies, eliminates the costs of maintaining occupational safety standards and insurance for work-related injuries, and eliminates any "down-time" on the line for changing or repairing machinery. As homeworkers, the contractors develop and maintain their own workspaces, sometimes investing a few hundred dollars and a few weeks of effort to establish one that is relatively comfortable and conducive to work. George and Helen described some of the expenses related to developing their workspace.,

> We redone our shed out there this fall. This summer we worked out in that hot weather without any air conditioning, had fans goin'. It was hot out there. It was miserable. ...We've insulated it and closed it all, ya know, and put a new door on the shed so it'll seal the cold air, and then we'll put an air conditioner in there next year. So it should be comfortable.

As an added bonus to The Company, workers are encouraged to adapt the work process to meet their own standards of speed and efficiency, which means they are improving the production process on their own time at no cost to The Company.

Those working in sheds, garages, basements and other unfinished spaces, including most of the Prairie Hills workers and a few of the Riverton workers, usually had to put in time, effort and money to make the space even minimally workable. All workers had to provide light and heat, some of which may be tax deductible, depending on the circumstances. However, some workers provided significant amounts of electricity because the work they did required the use of one or two air compressors. Other contractors needed to keep one or two fans running during all working times because of the use of a certain glue, the fumes from which required ventilation. All of these expenses are covered by the contractors and represent savings in the costs of overhead to The Company.

Technological adaptation was also left up to the contractor, who was motivated by the need and/or desire to find quicker and easier ways to complete the work. In Riverton, a few contractors had automated the work process, and said they saved more on effort than on time, but even a savings on effort was worth the expense to them. These workers spent their own time and money to redesign the press for automation. Prairie Hills workers did not automate the process, but did re-organize the assembly process. At first, The Company instructed them to assemble one bolt at a time, holding the long bolt in their hands, and one by one, adding on the other pieces. This turned out to be an arduous task when one had to complete 5,400 bolts per week. A few creative workers came up with a way to stand the bolts upright along a board, and the worker walked along the board putting on the remaining pieces, assembly line fashion. Soon, almost all the contractors were doing the bolts this way, and The Company started training new workers using this procedure as well. The Company's industrial engineers were quite pleased with the contribution of the contractors, as the change improved quality control at no cost to them. The workers, now trained to assemble the bolts in this new way, would go out and purchase the materials to make their own set-up at home, sometimes spending over one hundred dollars.

. . . the worker subsidizes her own training period . . . with substandard wages while she builds up speed and endurance.

All of these aspects of the organization of production illustrate how the workers are subsidizing the informal sector jobs created in their communities. What is behind this notion of subsidy is the real experience of the workers in which they are paid minimally by the piece to complete the assembly work, yet are not paid at all for the other contributions they make to the production process, nor are they compensated for the major savings in the overhead costs of labor realized by The

Company. What the worker contributes is far in excess of labor covered by the piece rate when one considers the development of the workspace, changes to the process of production, added labor for rush work and rejected work, disproportionate contribution to Social Security, absorption of lower pay rates for training and adjustment periods, and the lack of security and benefits.

Flexibility

The theme of flexibility enters the discussion of informal sector labor in various ways. Home-based work, in the eyes of the manufacturer, is a flexible form of production which increases profits because overhead costs associated with labor are reduced greatly. These reduced costs include any fringe benefits for the workers, the costs of maintaining facilities and equipment, the costs associated with changing equipment to meet varied production needs, and generally lower wages for the workers. Homeworking is often seen as a flexible job arrangement because it offers the worker the possibility of arranging work around other responsibilities. Workers tend to speak of flexibility as the autonomy to set working hours and determine the pace and method of production, and the ability to share the work within and between households.

Flexibility as the autonomy to set one's schedule is limited by The Company's production schedule. The workers are given one week to complete a kit, which is a predetermined amount of the assembly work. Within that week, the workers' freedom to determine a work schedule very much depends on what else has to be done. As one worker said,

> I think if it just comes up to that you do want to go do something else, you go. It's not like I can't. It's that you can, but you know you're gonna hafta make up the time later.

The reality of the homeworkers is that "the bolts have to get done," or as one woman said, "You can only do so much else, because the bolts have to be done and that's it." The weekly schedule of production for The Company tends to govern the worker's schedule and activities. Other activities become a tradeoff in terms of the time needed to complete a kit. Mollie is a young woman with six young children who assembles bolts in Riverton. She expressed the time tradeoff as:

> Your kit has to be done. Sometimes I'll take a day off, and I'll do the sort of things around the house that I know won't get done unless I just plain say "tomorrow I'll just hafta punch bolts all day long in order to make up for the day before that I just had ta take time to do other things."

Most workers express the time flexibility as an advantage because they see it as a matter of their choice. They can choose to put off the assembly work and do something else, recognizing that later they will have to make up for it. It appears that the advantage found in the autonomy to set one's schedule lies in this factor of perceived choice on the part of the worker, rather than the observed experience of choice circumscribed within The Company limits on time. Another aspect of the flexibility of time is that there are no boundaries to the work schedule, which means that while the worker sets the hours, she may also find that there are no "off duty hours." Homework is always there for the worker, regardless of what other tasks or activities took time during the day. One worker tried to explain that the time needed for assembly work was about five hours per day in her case, but that when those hours were added to her other responsibilities, such as making meals, doing laundry and attending to the children, she was putting in much longer days.

The flexibility of the work time often gives the homeworker's family the impression that she can be easily interrupted.

> My husband thinks I should get the bolts done somehow, but yet I don't know when he thinks I'm supposed to do it. I haven't figured that out yet, because, no, he doesn't treat it [as a job]. If I'm here, everything else is supposed to be done, too, 'cause I'm home and at night, ya know, if I'm sitting there and the kids want somethin', he thinks I should be with the kids. He doesn't really treat it as a job. I kinda wish I could set the hours, like I'm gonna work from this hour to this hour, and that's the way it's gonna be. I'm not gettin' up. This is my work time, ya know. But none of 'em can understand that if you try to set hours, they can't, ya know. They'll call you away for somethin' and, I have done it before. I said, "I'm not leavin'. This is my job. I'm staying here. I'm workin' at this and that's all there is to it." I have done that to 'em before, and I'll sit there in the evening and I won't leave. I just work, and none of 'em like it. They don't like it when I stay back there and work, and they don't like it when I don't help 'em out, but once in awhile, ya just hafta do that once in awhile so they can see it's a real job. Because I don't know otherwise how, some weeks it is hard to get it done. The week goes and you've done this and that and all, ya don't get it done.

The flexibility of one's homework schedule becomes dependent upon several aspects of the household: how much one can set working hours apart from family needs and desires, how to accomplish the work while attending to children and other chores and tasks, and the extent to which the worker is successful in getting other family members to contribute to the assembly work or the housework.

The above worker, Rita Kelly, points to the difficulty of not having her work hours recognized within her family setting: informal labor done in the home means the worker is responsible for setting those boundaries which are ordinarily set by the outside workplace, and which allow one to accomplish one's work relatively uninterrupted by the needs and concerns of family. Whereas the formal workplace concretely separates home and work for the worker, the homeworker becomes responsible for maintaining that separation while working in the home. This flexibility leaves her more capable of responding to those family needs when necessary, such as picking up a sick child from school, but also results in greater conflict and tension over how to set aside adequate working time in order to accomplish the work. Rita also expresses the difficulty of accomplishing work that is not taken seriously as work. Somehow it is "not a real job" because it is done in the home at odd hours of the day and night by Rita and whoever else may be available and willing to help. That is, by its flexible organization of production, homework lacks the form and status of a "real job" in the view of those around her.

All of the women homeworkers who had children said that homework was advantageous to them because it allowed them to work and take care of their children. However, most of these workers also reported that working in the home affected their time and ability to care for their children, and that their children's needs and presence often determined their own time and ability to work. As one worker told me, "No, I'd be lying if I said it was easier or the same now to take care of the kids as it was before. It's harder, it's harder. You just hafta allow for something else, ya know, naturally it takes a little more time away from your family." Some workers said they occasionally used a babysitter in order to get the work done on time, but this alternative was seen as defeating one purpose of working at home, which was precisely to save on the costs of childcare, as well as to be able to attend to the children while working. One ex-homeworker said she couldn't work with her children around, "even though that's the way it was really broadcast. You can stay home with your kids and work. That's not true, because you can't do it with your kids. They have to be in bed. They can't be standing there while you're working."

The experience of most homeworkers with young children was that the assembly work and childcare were difficult to combine at the same time. Most of these homeworkers clearly viewed their children and family as their first priority, putting the work second, at best. Yet as the weekly deadline approached, the bolts would assume a higher priority, pushing other needs temporarily to the side. Flexibility comes to mean that the worker juggles family needs with work requirements and that how the different needs are juggled changes from day to day. For many women homeworkers, children, housework and assembly homework form a continuous cycle to which they respond throughout the day and evening.

Flexibility in this sense can come to mean that the homeworker's own needs, especially as a paid worker, take last priority.

Homework provides the opportunity for women to engage in wage labor while remaining in the home, supposedly resolving the conflict between outside wage labor and attending to family needs. Yet the conflict seems to remain unresolved for many of the women homeworkers. Bringing the work into the home adds to their work, extending the workday. The other needs and tasks do not disappear, and usually are considered by the family and the worker to have a higher priority than the piecework. Flexibility in this sense can come to mean that the homeworker's own needs, especially as a paid worker, take last priority.

Families often assume that all will continue as usual, and women homeworkers find themselves dealing with the same situation as those women who work outside the home: the double day, or double sets of expectations about work. Women become flexible in the context of homework, and women's time becomes flexible to accommodate the work. Women's workspace becomes flexible as families request she work beyond their vision and hearing. Flexibility goes well beyond the autonomy to set hours; indeed, it is somewhat questionable to what extent this autonomy exists. In many of these households, women homeworkers become flexible to the multiple demands of family, home and paid work.

Men who do homework do not usually experience flexibility in the same way as do the women. Homework as a job is appreciated because it fits flexibly with farm work or other remunerative labor, not because it allows them to remain at home with their children, nor because they "throw a load of wash" in while assembling the bolts. One male homeworker reflected on the advantages of the assembly work as "it works out good in connection with the farm. Because where I'm working here at home, I can work nights or rainy days. I can fit this in with the rest of my schedule."

Men homeworkers also tended to "set up shop" outside of the home in outlying buildings on the property, creating the sense of separation between home and work, and at least putting distance between work and the activities and needs of the home. Homework, for men, was not embedded in household tasks, and thus taking on the homework did not create the same need to separate home and work as it did for the women homeworkers. Rather, the homework is added to farmwork or other wage labor, and the male homeworker has less trouble defining the assembly work on the premises as a "real job" in addition to his other "real jobs."

Between women and men homeworkers, flexibility varied in quantity as well as quality. Men who did home assembly work were more likely to sub-contract part of the work out to other people, or hire labor to help with the farm work, but did not take on greater domestic or family responsibilities. Men dealt with flexible production by hiring help, and maintaining the separation between work and home. Women experienced the flexibility of homework as an activity that absorbed all spaces of free time in between other major responsibilities of childcare, housework, farmwork, and outside wage labor, while men were able to define their own flexibility to avoid entering "women's work" because wage work is seen as their primary responsibility. While some women homeworkers do have outside paid jobs, the assembly homework remains embedded in their domestic responsibilities, which is considered their primary job.

A continuous supply of women workers is necessary to the success of industrial homeworking in these communities. As long as women are considered "secondary workers" and primary home and caretakers, the labor supply for homework will continue to exceed the demand in these two communities. Domestic relations maintain women as ideal candidates for homework, and the organization of informal home production depends on these relations and tends to maintain and reproduce these relations. In a subtle way, women subsidize informal sector jobs as development through the acceptance and fulfillment of traditional gender roles in the home. Unpaid domestic labor is woman's first job, and is used to justify her low wages in the labor market; both of these tend to support and subsidize industrial homeworking.

Homework as Development: Some Questions

If it is accurate to characterize informal sector job creation as worker subsidized development, then questions about development itself must be raised. For example, should development be broadly defined, as some might argue, as any economic activity which increases household income? This kind of work, then, would be considered development, but so would a number of other activities usually deemed socially unacceptable, such as drug trafficking. Is job creation development if it reinforces and reproduces those conditions which render members of one group unequal competitors in the labor market? How do each of the participants, industry, the state and the workers, share in this kind of development? Why does the state support the creation of jobs which continue to define and depend upon women as secondary workers, and in what ways does the state consider such jobs to be development?

Related social policy questions raised by this study concern the lack of social insurances available to informal sector workers from their employers. As informal homeworkers, these people lack coverage from unemployment insurance, worker's compensation and health insurance. None of the homeworkers are covered by the first two, and those households with health coverage obtain it through another form of employment, or are paying for their own policies. These are factors associated with this kind of employment that increase the risks of economic insecurity, and further increase the possibility of becoming working poor households. One proposal we could consider is that if the state is going to support this kind of work, then the state might take further responsibility for social insurance coverage, perhaps working with the private sector to provide coverage, in order to decrease the economic risks currently absorbed by the worker. Extending coverage of workers' compensation and unemployment insurance to people working in their homes would lessen both the risks of economic insecurity secondary to injury or layoffs and the inequality of the home-based worker relative to the in-factory employee.

But perhaps the thorniest question raised by this research is what do we do about work which is structured to take advantage of women as workers and the home as its location? I have presented some material from the workers which points to the experience that paid work done in the home predominantly by women is not viewed as "real work," leaving the door open to low wages and other poor working conditions, including the reinforcement of those conditions in the home which make homeworking possible. Recommendations to decrease the risks of economic insecurity are important to improvement of basic working conditions, but I am acutely aware that such changes will not necessarily bestow the recognition and status of "real work" upon the work women do, especially when that work is done in the home.

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An Emerging View of the Natural Environment: Implications for Rural Communities

John E. Ikerd*

The emerging view of the natural environment in rural areas is but one element of an emerging view of the natural environment in the world in general. "Current perceptions of emerging rural environmental issues reflect an evolution. Over the decades, the key environmental questions asked by agricultural economists have rotated from those addressing the impact of natural resource use, price and policy on farmers' welfare to those addressing the impact of various human activities, including agriculture and forestry practices, on environmental quality and human health (Batie)."

Current economic problems of rural communities are in no small part a reflection of a past preoccupation of policy makers with increasing agricultural productivity to reduce food costs and to free rural resources for other uses. Negative side effects of production technology on the ecological and social environment of rural areas for the most part have been ignored.

However, changing public priorities, reflecting greater environmental and social concerns, may result in fundamental changes in agricultural policies. Contrary to conventional wisdom, changes in agricultural policies may still hold the key to regeneration of rural economic development.

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The Environmental Agenda

Earth Day 1990 was a tremendous public relations success with millions of people participating around the world. The first Earth Day was celebrated in 1970. That Earth Day came on the heels of a decade of questioning and challenging conventional social and economic values. Rachel Carson's book, Silent Spring, published in 1962, chronicled the effects of DDT on wildlife and provided focus for a growing community of environmentalists concerned about the impacts of commercial pesticides on the environment.

These environmental advocates initially were labeled as radicals, extremists and idealists. However, the U.S. Congress eventually responded to growing public concerns with numerous laws designed to preserve wilderness areas, protect the environment, and control pollution of air and water. The Federal Environmental Protection Agency and state agencies with similar responsibilities emerged from the environmental movement of the early 1970s.

The federal environmental agenda was largely abandoned in the early 1980s. Problems of run-away inflation followed by a severe economic recession diverted public attention to more pressing short run economic matters. However, a decade of environmental neglect at the federal level seems to have provided a stimulus for a more focused, better organized and better financed environmental movement as the new decade begins.

Environmentalists have tracked and documented phenomena such as acid rain, greenhouse gasses, toxic wastes, deforestation, pesticide poisoning, species extinction, sedimentation, oil spills and nuclear accidents during the 1970s. As economic pressures eased, the environment once again rose to the top of the political agenda. Both U.S. presidential candidates in the 1988 election ran on environmental platforms. The success of Earth Day 1990 seems to reflect an America that is ready for the "decade of the environment," a decade focused on long run ecological sustainability rather than short run economic survival.

An Historical Perspective on Rural Economic Development

The fundamental purpose of economic development in "rural" areas has been realization of private and social benefits from use of geographically fixed resources. People and money can move from one location to another in response to economic or social incentives. Thus, human and financial resources need not be developed or utilized in any specific geographic area, rural or urban. Relocation costs cannot be ignored but must be weighed against the corresponding private or social benefits of moving or reinvesting. However, natural resources such as land, minerals, landscapes and climates, must be utilized, at least initially, in their fixed geographic location.

The historic purpose of most rural economic development in the U.S. has been realization of the social value inherent in agricultural lands. The density of farm population across the land was determined by the number of farmers or ranchers needed to realize the perceived benefits from managing the land resource. The range lands of the West were sparsely populated because one rancher could manage a herd of cattle roaming over hundreds or even thousands of acres. Areas suited for truck farming and dairy operations were more densely populated because of the high human input requirement for such farms. The Midwest was covered with diversified family farms, with a corresponding rural population density.

Non-farm economic activity in rural communities has been closely related historically to numbers and types of farms. More service activities were needed in areas with larger farm populations. More people need more health, education and other social services. Business activities in rural communities have been more closely related to the basic nature of farming enterprises and the related need for markets and farm inputs such as credit, machinery, feed, and fuel.

Rural service communities evolved into trade centers as early farmers moved away from self sufficiency and began to specialize and trade among themselves. These communities became agribusiness centers, as more consumers left nearby farms for distant urban areas and farmers became more reliant on mechanization and purchased inputs.

> . . . economic activity without a geographic foundation may be rooted in nothing more than short run exploitation of undervalued human or natural resources.

The more recent trend has been toward fewer, larger and more specialized farming operations. The result has been declining rural populations, declining demand for local markets and locally purchased inputs, and resulting economic decay in many rural communities. Some communities have diversified to reduce their dependence on agriculture. But many rural communities, even those with diversified economies, were reminded of their dependence on agriculture during the farm financial crisis of the early 1980s.

A basic response of many rural communities to the farm financial crisis has been to attempt to reduce their dependence on local agriculture. Industry hunting has become a preoccupation of town councils and chambers of commerce across the countryside. Jobs, any kind at any cost, seem to be the primary development objective in some declining rural communities. Any lack of a lasting geoeconomic foundation for economic sustainability may be given little, if any, consideration.

New rural economic activities such as tourism, vacation homes, retirement communities, and rural residences may have strong geoeconomic foundations in climate, landscapes, or proximity to urban employment. However, economic activity without a geographic foundation may be rooted in nothing more than short run exploitation of undervalued human or natural resources.

Changing Perspectives of Rural Economic Development

A growing concern for the sustainability of conventional agriculture is emerging from public concern for environmental protection and resource conservation. In rural communities, there is growing disillusionment not only with conventional agriculture but with exploitative industries in general. Emerging social concerns for conservation and environmental protection in general are challenging some of the more popular strategies for rural economic development on grounds of sustainability.

Resource Exploitation

The initial phase of rural economic development in much of the U.S. might be characterized as resource exploitation. Resources were treated as stocks of potential wealth to be transformed into products of human value. The same basic patterns were repeated for mining and for agriculture. A sufficient number of miners or farmers moved into a region to facilitate exploitation of the geographically fixed resource base, whether it was minerals below the ground or productive agricultural soils.

Early farming practices were little different in concept from mining. The land was cleared, plowed and farmed until it lost its ability to produce. Farmers then moved on to new frontiers, allowing much of the spent land to be restored by nature. For example, fertile soils in the southeastern U.S. were farmed in continuous cotton until the top soil was gone and the land lost its productivity. Much of this land was abandoned by farmers and has since grown up in native pine trees.

New farming methods in the early 1900s, using livestock wastes and legumes, allowed farmers to extend the productive life of their land. Thus, many of the rural settlements that sprang up on new frontiers survived to become stable farming communities, as farmers learned to sustain soil productivity. Local marketing and processing facilities often were located in rural communities, near production areas, providing additional continuing employment and economic activity in farming communities.

Resource Substitution

A second wave of rural economic development might be characterized as resource substitution. New life was breathed into some declining rural communities by emerging agricultural technologies. Commercial fertilizers, for example, could be substituted for inherent fertility in the basic land resource. Irrigation could replace rainfall. Weeds and insects could be controlled by pesticides in climates where they thrive by nature. New, technology-based inputs became substitutes for natural resources.

These advances in productivity of modern agriculture were achieved primarily through specialization and realization of economies of scale. Commercial fertilizers and pesticides allowed farmers to break away from crop rotations and diversified crop and livestock farms. They could now specialize in crops or livestock or even in single crops or single phases of the livestock business.

By doing fewer things better, each farmer could do more. Mechanization and inexpensive fossil fuels allowed farmers to farm more acres or produce more livestock and thus achieve greater economies of scale. Not only was modern, technology based farming economically viable in the U.S., but it was considered to be the model for efficient food producing systems for the world.

An agriculture based on inputs rather than resources at first seemed to be highly supportive of rural communities. Areas with marginally productive lands became important farming areas. Depletion of the natural resource base was no longer viewed as a threat to the sustainability of farming or of rural communities. Local agribusinesses sprang up to supply fuel, fertilizers and pesticides to growing modern farms. Rural communities became thriving agribusiness centers during the 1970s as the U.S. took on the challenge to feed the world.

Growing Costs on an "Efficient" Agriculture

Specialized farming, however, has begun to raise significant economic and environmental concerns. First, there are growing indications of declining effectiveness of the technologies which support specialized systems. Increased concentration of a single crop within a geographic region increases pest pressures for that crop. In addition, insects and weeds are becoming resistant to pesticides and require higher rates of application or new, more costly pesticides for control.

Previously fertile soils in some areas have lost organic matter and natural fertility through monocropping, conventional tillage and removal of crop aftermath year after year. Lower organic matter has meant less ability to hold water and nutrients in root zones, meaning lower yields from a given level of water and fertilization, or higher fertilizer and irrigation costs to maintain yields.

Water tables in some of the major irrigated areas are declining as rates of irrigation surpass rates of natural regeneration of aquifers. Salinization of soils is occurring in other areas as a consequence of continuous irrigation. Soil erosion rates went up as farmers abandoned forage grasses and legumes in crop rotations to specialize in row crop production for export markets in the 1960s and 1970s.

Resource conservation has returned as a major concern for rural areas. The conservation reserve program and conservation compliance provisions of the 1985 farm bill were attempts to address the soil conservation issue. However, soil loss tolerance levels in that bill are well above the rate of natural topsoil regeneration and water conservation issues are yet to be addressed by national farm policy.

Other costs of increasing specialization are beginning to show up in the environment of farm families, farm workers and rural residents. Health risks in handling pesticides, for example, have become a major issue in farm safety. Chemical contamination of farm and rural water supplies and risks of pesticide residues in food supplies are additional concerns.

Nitrate leaching into groundwater may be attributed as much or more to organic sources such as livestock waste and crop residues as to use of commercial fertilizer. However, this issue, as much as any other, has increased awareness in rural areas of the potential environmental hazards of chemically dependent farming.

Specialized agriculture has also changed rural landscapes. Farmers planted "fence row to fence row" during the 1970s, and many tore down the fences and plowed out the fence rows. Farms were no longer patchworks of fields, meadows, grassy hills and valleys separated by rows of trees. Rural landscapes became field after field of corn, soybeans, wheat and cotton across the hills and valleys. Timber was cleared to make room for cow herds. Growing livestock and poultry were concentrated in feed lots, in animal producing factories.

Larger, more specialized farming operations also have meant fewer farming families. The number of farms has declined by roughly one-half during each successive twenty-five year period over the past few decades. The only notable exception was the export boom years of the 1970s. Fewer people are needed on farms with conventional farming technologies. Not only have purchased inputs been substituted for land and climate, but machines have been substituted for labor, and technology has been substituted for management.

> ". . . there are costs associated with this migration out of agriculture. . . [including] the specter of a permanent underclass in the cities."

The unneeded human resources have been squeezed out of agriculture as a natural economic consequence of technology based resource substitution. Technological advances reduce costs of production, provide incentives for expanded production, which in turn reduces market prices and ultimately reduces farm incomes. Only those farmers who adopt successful technologies first make profits. Those who lag must adopt to survive. Those who can't adopt or adapt quickly enough will be forced to sell out to their more progressive or luckier neighbors.

The continual repetition of this process over time ensures that the economic returns to those remaining in agriculture are kept well below that of growing economic sectors. This process is an economic necessity if unwilling people and resources are to be moved out of agriculture and into other uses within the economy. But, there are costs associated with this migration out of agriculture. These costs include "social disorganization, shrinking rural economic bases, declining rural communities and institutions, and the specter of a permanent underclass in the cities (Glover)."

Consequences for Rural Communities

Rural communities are as much the victims of a more productive and efficient agriculture as are displaced farm families. Rural America has a lower level of income, education, employment, health, nutrition, and community services than urban America (Hyman).

About one-fourth of the U.S. population lives in rural areas, but only about 8 percent of all rural residents are farmers. About 75 percent of total agricultural income comes from the largest 25 percent of all farming units. Only about one-third of all farmers consider farming to be their principal occupation. About 75 percent of farmers' incomes is from off-farm sources. Thus, most people who live in rural areas are not farmers, most farmers are not large producers or even full time farmers, and most farm families depend more on non-farm income than on farming for a living.

These statistics reflect the second round effects of the forced migration of families out of farming. Farmers have been reluctant to leave their local communities even though they no longer have an economic future in farming. Many have been willing to work in their home town for lower wages than they would be willing to accept elsewhere. Other farm families have been able to continue to farm, but can no longer make a full-time living from farming. In these cases, one or more family members have taken a part-time or full-time job off the farm at lower wages than they might be willing to accept if they had to give up farming. The result has been chronically depressed rural labor markets.

Historical trends would seem to justify the view that farming is no longer a major factor in rural economies. But, is the problem with agriculture in general or with conventional, specialized, high input agriculture? Are these conventional farming systems sustainable? If not, what are the implications for rural communities? If rural communities can't depend on agriculture, what level of economic activity will the other geographically fixed resources of most rural communities support?

Toward Sustainable Rural Economic Development

Sustainable rural economic development must be based on realization of the inherent values of geographically fixed resources in ways that conserve nonrenewable resources, protect the physical and social environment and provide an acceptable level of economic returns for those who work and live in rural communities.

Many communities may be overlooking the economic potential of a significant agricultural resource base because they are operating with a conventional agriculture paradigm. The conventional paradigm means that fewer and fewer farmers will continue to buy more of their inputs from distant suppliers and sell raw commodities to distant marketing firms and processors.

An alternative, sustainable agriculture paradigm, through use of crop rotations and integrated crop and livestock systems, substitutes internal resources, including labor and management, for externally purchased inputs. A sustainable agriculture must be capable of maintaining its productivity and usefulness to society indefinitely (Ikerd). Such an agriculture must be made of farming systems that conserve resources and protect the environment but also are productive and profitable.

Sustainable farming systems may require more farm operators, more farm labor and more farm families than do conventional farming systems. In addition, operators of sustainable farms are more likely to be motivated by environmental, social and economic objectives. Thus, they may show a preference for local markets and local input supply sources if this preference does not threaten their economic survival.

Government farm policies have subsidized the development of current conventional systems of farming (National Academy of Science). Past policies may well have undervalued rural resources by failing to recognize the long run social cost of their depletion and degradation, and even by subsidizing their short run exploitation. A change in government farm policies quite likely would be required to bring about fundamental changes in the nature of farming in the United States, but a fundamental shift in balance of returns among factors of production must occur in response to, or in addition to, any change in government farm programs.

Smaller, more diversified farms will become commercially competitive with larger specialized farms only if human capital, primarily labor and management, can be substituted economically for other resources, such as land and water, and inputs such as commercial fertilizers and pesticides. By implication, diversified, sustainable farmers of tomorrow must be more knowledgeable, more creative and more skilled than are farmers of today. They cannot expect to earn a larger return to their labor and management input, and thus require less land and inputs, unless they possess superior labor and management skills.

A sustainable rural community paradigm extends the concept of sustainability beyond agriculture to the next level of aggregation. Sustainable rural communities may be achieved by substituting local labor and management of internal resources for externally supplied inputs while maintaining an acceptable level of economic and social well being.

Sustainable farming systems tend to be diversified farming systems. Sustainable rural communities may need to be diversified as well. The geographically fixed resource, land in the case of farming, is only one element in a diversified, sustainable farm resource management scheme. Off-farm income, for example, can be a very effective means of diversifying and sustaining an otherwise vulnerable farming operation.

The geographically fixed resources of rural communities, including agriculture, will need to be integrated with other industries and other economic enterprises to develop sustainable rural communities. Equally important, the human resources within a community must be more knowledgeable, more creative and more skilled to sustain rural communities with limited, geographically fixed resources.

Options for the Future

Rural America is at a crossroads. Hyman contends that rural communities are caught in a gridlock between three outmoded visions of rural development. One, he calls the agrarian perspective that rural areas are still farm dominated economies. A second is the industrial/urbanization perspective that rural economies can replace farms with factories and farm jobs with factory jobs. The third, a hybrid of the other two, is that an industrial agriculture can replace family farms in supporting rural economies. None of these three perspectives offer much hope for sustaining rural economic activity in the future.

Viable options for rural economic development in the future are limited. One option would be to concede rural areas to large-scale, high industrial, bio-tech operations. Land owners would be largely absentee, ranging from individual owners to large multi-national corporations. The few people needed on the land would be hired workers who would schedule and maintain robotic operations and monitor production and harvest. Agribusiness would be concentrated in large regional centers, probably in metropolitan areas. Farming communities could be a thing of the past.

A second option would be to concede to the industrialization of agriculture, but turn rural areas into service areas for nearby metropolitan development. Previously rural communities could be transformed into sites for peripheral industries, suburban bedrooms, urban waste disposal, low income housing, corrections or mental institutions, or other uses that cannot compete for valuable commercial space in industrial urban centers.

The first two options may seem totally unacceptable to many but may seem equally inevitable to others. Neither option would lessen the current problems of rural poverty, unemployment, underemployment, educational dropouts, poor health and lack of quality community services.

An Alternative View of the Natural Environment in Rural Areas

An alternative option for the future is that of sustainable rural communities. Hyman describes that option as "rural America being transformed into rural development centers of healthful, enlightened, and productive communities in a symbiotic relationship with both farms and metropolitan areas. Agriculture is middle-sized and ecologically sustainable. Any manufacturing and service industries are environmentally benign and scaled appropriately for rural areas. The infrastructure is comparable to that in better urban areas, as are community services, health care and education. Provision is made for the arts, culture, and recreation." He goes on to point out that "this vision remains to be developed as a viable option for policies and action." Could such a vision possibly be made a reality, through any conceivable set of policies and actions?

Any policy or action designed to restore and sustain rural communities should address the causes rather than the symptoms of rural economic decay. Rural communities are economically depressed because of basic economic forces which have continually devalued the human and natural resources of rural areas.

Income levels are depressed in rural areas because of the continuing economic pressure to force rural people into other jobs and resources out of agriculture into other uses. Education levels are low in rural areas because there are few realistic employment opportunities for highly educated, creative managers or skilled workers.

Conventional farms and agribusinesses require a significant degree of competence and some hard work. But they are not knowledge-based industries. The principal returns in modern agriculture are returns to land and capital, not returns to labor and management. Other rural occupations tend to be those attracted by depressed labor markets and are even less intellectually demanding than farming. The supply of educated people in rural areas is small because the demand for education is equally small.

Health and nutrition levels are low because income and education levels are low. Community services are lacking because a chronically depressed, undereducated, malnourished population is more concerned with day to day individual survival than with investing tax dollars in building a better community for the future. Many will not even support better schools unless they have school-age children, or better medical care unless they are sick. Attempts to address the symptoms of rural economic depression quite likely will be largely futile as long as the basic causes persist.

> A sustainable agriculture must be capable of maintaining its productivity and usefulness to society indefinitely.

Restoration of the economic vitality of rural communities in general will require restoration of the value of rural human and natural resources. Rural economies will not grow until there is a need to retain or even infuse people and money into rural areas to realize the private and social value of rural resources. This quite likely will require a change in economic policies of state and federal governments. Such policies, however, need not be welfare or transfer payments. Public policies which reflect the ultimate long run dependence of society on the resources such as soil, water, wildlife and landscapes that are geographically fixed in rural areas might well be sufficient to revitalize many rural communities.

The resource and environmental consequences of specialized large scale farming are causing the public to question the past preoccupation of agricultural policies with production efficiency. The social consequences of conventional agriculture on rural people should raise additional questions regarding past policies.

A sustainable agriculture may well be the key to rebuilding sustainable rural communities. The most important policy for future rural economic development could well be policies which address the ecological and social dimensions of a sustainable agriculture. The emerging view of the natural environment in rural areas is one of stewardship or caretakers of the resources which ultimately must sustain life on this planet. The sustainability of rural communities and ultimately of world society, however, still depend on the sustainability of agriculture.

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Rural Education in a Period of Transition: Are the Public Schools Up to the Task?

Paul Nachtigal*

The quality of America's public schools is increasingly open to question. Starting with *A Nation at Risk* (1983), a growing number of studies and reports have identified inadequacies in the education of our nation's youth. Such criticisms are not new to rural education. Even before the turn of the century, educational leaders were concerned about the "rural school problem." Why, through recent history, have rural schools been considered to be a problem? Are they really inferior to larger urban schools? This paper addresses three related issues. 1) How the "rural school problem" came to be defined. 2) An examination of data which compares the quality of small rural schools with larger urban schools. And, 3) how rural schools might be redesigned to be more effective as we move from an industrial society to an information/service society.

The Rural School Problem

In the beginning, education in America was rural education. In 1990, approximately three fourths of America's districts are rural, enrolling approximately one third of the nation's school children. Even though most of America was rural during the first part of the century and rural districts continue to dominate in numbers, urban professionals very early gained control of the leadership of American public education, leadership which felt compelled to address the "rural school problem." By the 1890s, the National Education Association Committee of Twelve prescribed "...the consolidation of schools and transportation of pupils, expert supervision by county superintendents, taking the schools out of politics, and professionally trained teachers." "Don't underestimate the problem of school reform," Ellwood P. Cubberly wrote in 1914,

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> because the rural school is today in a state of arrested development, burdened by education traditions, lacking in effective supervision, controlled largely by rural people, who, too often, do not realize either their own needs or the possibilities of rural education, and taught by teachers who, generally speaking, have but little comprehension of the rural-life problem...the task of reorganizing and redirecting rural education is difficult and will necessarily be slow (Cubberly, 1914).

The urbanization of the public schools into what David Tyack called "the one-best-system" brought with it a mission and a set of quality standards which were much more appropriate for urban than rural settings (Tyack, 1974). The curriculum was designed to prepare an industrial labor force, for jobs primarily in urban areas. Quantity was synonymous with quality. Input characteristics of schools, which were easily quantifiable, were thought to represent quality. The more courses offered, the more books in the library, the greater number of specialized teachers, the better the school. This set of assumptions about school quality continues to dominate public policy, driving much of the recent reform legislation which has swept the country. More courses are being mandated in math, science and foreign language. There are pressures for a longer school day and school year.

While this system of schooling has served the larger society reasonably well over the last century, it has been at the expense of rural schools and rural communities in at least two ways. First, because bigger is considered to be better, by definition, rural schools are "second best." Even with school consolidation, which was and in many places continues to be the solution to the rural school problem, rural schools were not considered to be as good as urban schools because there was no way that they could become equally as large. Secondly, because the primary measure of school success was how well students were prepared to continue their education and or find work in larger urban areas, rural schools served to "export" rural students. As a result the public school has become one of the biggest economic drains on the resources of rural communities.

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The "rural school problem" then is different depending on one's perspective. If viewed from the perspective of the education profession, the problem is perceived to be one of inadequate quality, an issue which we will examine in more detail a bit later. If viewed from the perspective of the local community, the problem is one of being a severe drain on local resources, both human and economic, an issue which also will be revisited in more detail later. First, a few general statements are needed concerning the relationship which exists between rural schools and the context within which they operate.

The diversity of rural America is now well understood. It is diverse in its economic base, diverse in terms of geography, diverse in terms of density of population, diverse in its ethnic and racial make-up, and diverse in terms of the socio-economic status of its communities. Any discussion about the adequacy of public education must acknowledge that socio-economic status, more than any other single factor, determines the success of all students, particularly in those communities where a high percentage of students live below the poverty line. Because of the interrelationships between schools, student performance, and environmental factors, generalizing across rural schools is difficult if not impossible. For instance, a high percentage of students attending rural schools in poor and/or minority communities are clearly at-risk, while most students attending schools in what are thought of as traditional middle-America rural communities, settled by ethnic European immigrants, are likely to receive more than adequate education with the skills to succeed in whatever arena they choose.

Quality of Rural Schools

The evaluation of school quality has evolved in recent years from looking only at input standards, as discussed above, to include process standards, how well those resources are being used, and perhaps most importantly, the outcomes or performance of schools and their students. What does the data suggest concerning how well rural schools measure up in each of these areas?

Input Indicators

As suggested earlier, input indicators include such things as an adequate, well-maintained physical plant, highly qualified staff, a sufficient supply of books, materials and equipment, and a strong breadth and depth of course offerings. Rural school facilities in general are older, many having grown like topsy in response to the closing of out-lying schools and changing program emphasis. Limited resources, and a tradition of "making do" result in remodeling and adding on rather than building a new facility. A typical rural school might include a multi-story building dating back to the 30s, a new gymnasium added on here, an elementary wing attached there, and a new vocational shop built out behind the main building. More important than the age of the facility, however, is how well it is maintained.

Pride and caring for the school sends a message to the students and community that education is important. Rural schools, because they represent the largest community investment and serve as the center of community activities, are generally well cared for.

Rural schools have fewer specialized teachers, who in general have less formal education. Teachers often have three, four, or even five preparations a day, some of which are assignments in areas where they are only minimally qualified. In a study of 24 rural districts Schmuck and Schmuck (1989) found that over 80 percent of the administrators and 90 percent of the teachers interviewed had grown up very close to where they are now teaching. There are both positive and negative aspects of an employment process that results in these figures. On the one hand, an effective school is one that has a coherence around values and mission. Growing up in the area helps insures this coherence. However, a school staffed only with "home-town" type people is sure to be limiting in the exposure to new ideas, resulting in a more parochial educational experience. Rural schools will offer fewer courses at the secondary level, and provide fewer options for special need students at the elementary level.

While the above characteristics which accompany small size have over the years been used as reasons to consolidate rural schools, recent research suggests that further consolidation may not be useful. Monk and Haller, at the request of the New York State Legislature, conducted an extensive study of school size and class offerings. The study, Organizational Alternatives for Small Rural High Schools, (1986) not only considered the school size/number of class offerings issue, but looked at the number of teacher preparations and availability of classes, e.g. were classes offered more than one period a day, thus reducing schedule conflicts. The study confirmed the fact that numbers of class offerings did indeed increase as schools increased in size from 100 in high school up to 3000. It concludes:

> ...the curricular offerings of the very smallest secondary schools in New York State are seriously deficient. These deficiencies begin to appear when enrollment levels in grades 9-12 begin to fall below 400 and become more serious as enrollments fall further. Several of the deficiencies, most notable the availability of courses, accessibility to the offered courses and the degree to which teachers can specialize, become especially acute when the grade 9-12 enrollment drops below 100. It follows, then that there is very little good that can be said about attempts by the State, or anyone else, to increase enrollment levels in grades 9-12 beyond 400. The only benefit we were able to identify is the fact that variety of course offerings continues to grow beyond the 400 pupil level. But this growth of courses is highly unpredictable and does not lead systematically to the offering of a coherent, widely agreed upon curriculum.

Educational critics such as Goodlad (1984) and Boyer (1983) are being joined by others such as the National Council of Teachers of Mathematics and the American Association for the Advancement of Science in their questioning of the notion that more is better. They point out that the structure of the curriculum which packages knowledge into discrete disconnected courses, taught in 55 minute classes, may not be educationally sound if we are to educate students for the 21st century. This factory model of schooling was fine for an industrial society, but not for the emerging information age. Just acquiring the basic skills and facts is now not sufficient. Problem solving and higher order thinking skills are needed Their recommendations include teaching fewer, more integrated courses, in longer time periods. Rural secondary schools, because they offer fewer courses and because teachers often teach in more than one content area, are of necessity closer to realizing these recommendations than large schools.

At the elementary level, experts in the field are also questioning whether specialization has gone too far. Schools are now being encouraged to mainstream special need students, placing them back into regular classes in so far as possible. Teaching strategies such as cooperative learning and peer teaching, strategies that are an integral part of multi-grade teaching assignments of the one-room school, are being recognized as good instruction, particularly for students who tend to be at-risk.

. . . as enrollment size increased, the percentage of students actually taking such courses as chemistry, physics, or business management decreased.

Process Indicators

There is a growing consensus of what constitutes effective school characteristics in terms of the educational process. From the work of such notable educator/researchers as Ron Edmonds, John Goodlad, Ernest Boyer, Sara Lightfoot and Michael Rutter, the consistent elements of educational excellence revolve around such interpersonal and institutional factors as: 1) strong positive leadership; 2) high expectations of student and teacher achievement; 3) respectful relationships among students, teachers, and administrators; 4) individualized instruction and attention; 5) an emphasis on the academic basics; 6) parental/community involvement and support; 7) fair and frequent feedback to both students and teachers on their performance (emphasizing positive reinforcement of success and progress); 8) a friendly, but businesslike, classroom and school climate; 9) a healthy balance of activities fostering the intellectual, physical, emotional, and social development of students; and 10) a tolerance for individual initiatives and for trying new approaches to learning (Boyer, 1978; Goodlad, 1984; Edmonds, 1978; Lightfoot, 1983; Rutter, 1979).

While all of the above process indicators are well within reach of rural schools, their presence or absence is very much related to the community context rather than appearing generically in all rural schools.

Strong, positive leadership. Chance and Lingren (1989) studied the aspirations and realities of rural secondary principals in the Great Plains (North Dakota, South Dakota, Nebraska and Kansas) and found that 48.3 percent of the principals' time was spent on general managerial duties; 11.5 percent on working directly with teachers; 22.3 percent on disciplining students, and 6.8 percent on meeting with parents. They conclude "It is difficult, if not impossible, to be an instructional leader when a typical day is spent as indicated. It is especially difficult for rural principals to be instructional leaders when 48 percent of them teach and the average teaching load is 35.6 percent of the school day." Killian (1988) noted that rural principals did not play the same leadership role as urban principals. Rather, rural teachers were the initiators of change, not the principals; the unit of change for these teachers was the classroom, not the building. Support in the minds of these rural teachers required only that an administrator not impede their efforts. It should also be noted, however, that in spite of the odds, good leadership can be found in schools of all sizes and when it exists in rural schools, the impact is much greater and the rate of change much faster due to the absence of bureaucratic inertia which is found in larger institutions.

High expectations of student and teacher achievement. Expectations for students and teachers will vary widely from one type of rural community to the next. The standards for those expectations are most likely tied to the experience of the adults. If there are few professional role models and if most of the adults are first generation high school graduates, the expectations will be very different than those in a community where, because of culture or location, high percentages of adults have some college or post-high school education.

Respectful relationships, a friendly, but businesslike, classroom and school climate, and parental/community involvement and support are all easier to achieve and tend to be present in rural schools. Examining student engagement rates in two Colorado schools implementing a four-day week, Blackadar and Nachtigal (1986) found elementary students attending to their school work on average about 85 percent of the time, a very high rate compared to data from large urban schools in the project. A study of rural high schools in North Dakota (Traugh, 1984) characterized the climate as "relaxed, friendly, personal." "Parents, if called, will help" with students problems and some parents call to ask, "What can we do to help?" On the down side, and, related to the question of expectations, teachers reported "They'll (parents) knock themselves out to turn out for athletics." Academically, "mediocrity is accepted."

An emphasis on the academic basics. Barker and Gump (1964), in a five year comprehensive study of fifty-two high schools in Eastern Kansas ranging in size from 35 to 2287, found that large-school students participated in fewer classes and a more limited variety of classes than the small school students. Horn (1986), in a seven state follow-up study, found that as enrollment size increased, the percentage of students actually taking such courses as chemistry, physics or business management decreased. Why is this so when large schools offer many more courses than small schools? In small schools the lack of choice forces students to take a greater variety of courses and more basic subjects, they just have to take what is offered. In large schools, students can begin to specialize. If they like art, there are many art courses to take, often at the expense of exploring other areas or taking more years of math or science.

A healthy balance of activities. Students who are actively engaged in the total process of schooling, including participation in extra-curricular activities are also likely to have higher achievement levels. The Kansas study mentioned above found that such participation "reached a peak in high schools with enrollments between 61 and 150. The proportion of participants was 3 to 20 times greater in the small schools as in the largest school (Barker and Gump, 1964)."

Performance Indicators

Given that rural schools have both strengths and weaknesses in terms of input and process criteria, what is the evidence about how well rural schools and the students attending those schools perform? How adequately are students prepared when they leave rural schools? Unfortunately, the answers to these questions are not readily available for a number of reasons. Haas (1990) suggests a couple of reasons for the thin rural education knowledge base. First, rural education is not precisely defined, there is no useful definition of what is rural. Second, knowledge is not neutral, it is value laden. The usual education knowledge base is created in a context that reflects the prevailing view that rural is at best, invisible and more realistically, unvalued.

Adding to the difficulty is the fact that procedures for measuring school and student performance are still fairly primitive. Finally, the impact of SES on student achievement and the diversity of rural America make aggregating data on student achievement almost meaningless. As a result the literature contains very disparate findings. Two kinds of data are provided as a case in point. *Beyond High School: The Experience of Rural and Urban Youth in the 1980s*, a national data file of 11,000 high school seniors in 1980, (Pollard & O'Hare, 1990) presents aggregate data broken out by "metro" and "nonmetro" student population. This data suggests a fairly gloomy picture of rural education with nonmetro students showing up second best on all measures. When examining the same kind of information at the state level, most of which comes from the upper-Midwestern states, the findings are just the opposite. While the state level studies are more targeted than the national data and thus more useful in terms of informing policy decisions, neither are sufficiently disaggregated to permit us to tie the data to the diverse cultural contexts found in rural America. The information on the performance of rural schools is presented in three areas, student achievement, success in college and drop-out rates.

Student Achievement

The national *Beyond High School* study concludes that metro seniors were more likely to take a curriculum designed to prepare them for college. Two-fifths (42 percent) of metro seniors were enrolled in an academic or college preparatory program, compared with one-third (33 percent) of nonmetro seniors. Metro seniors were also more likely to complete a variety of advance math and science courses.

Metro seniors scored higher on a variety of tests measuring cognitive skills and abilities.

There is no attempt here to track student enrollment or persistence in post-secondary programs so these data actually tell us little about either student achievement or the adequacy of student preparation.

The studies of student achievement at the state level are generally tied to school size and initiated to either build a case for or against school consolidation. When such studies include influential SES variables, and even when they don't, they tend to confirm a positive effect of small-scale schooling on the achievement of students. For example, the University of Colorado School of Education, in cooperation with the Colorado Department of Education, conducted a study of the results of standardized math and reading tests administered to 102 school districts in Colorado to grades 5, 6, 11, and 12 from 1979 to 1982. (Turner, 1985) The most significant correlation was a high negative correlation between student achievement and the size of the student population of the district, with the larger districts obtaining up to 25 percentiles less achievement than the smaller districts.

> The usual education knowledge base is created in a context that reflects the prevailing view that rural is at best, invisible and more realistically, unvalued.

A study by Edington and Gardner (1984), conducted in cooperation with the Montana Office of Public Instruction, compared the achievement results of a series of standardized tests given to Montana students in grades 6 and 11 from 1975-1980. The researchers concluded, "Even though the significant relationships did not account for large amounts of the variances, there are trends throughout the data which lead us to believe that the students in the smaller schools, both the elementary and secondary levels, have higher scores in the cognitive domain than those in the larger schools."

Muse, Ho, and Smith (1985) conducted an extensive survey of one-room schools in the states of Nebraska, South Dakota, and Montana. The researchers followed students into high school after eighth grade graduation and concluded that students from the one-room country schools in those states were as well prepared for entrance into high school both academically and socially as were the students from the larger town and city elementary schools.

Walberg (1988), in an "expenditure and size efficiencies" study of the New Jersey public schools, concludes "Generally, it appears that the smaller the district, the higher the achievement when the SES and per-student expenditures are taken into account. Why should small districts do well? Superintendent and central staff awareness of citizen and parent preferences, the absence of bureaucratic layers and administrative complexity, teacher involvement in decision making, and close home-school relations may account for the apparent efficiency of small districts."

College Success

The Beyond High School study concludes that metro seniors were better educated by 1986; 73 percent continued their formal education after high school, compared with only 64 percent of nonmetro seniors.

One should note, however, that this study assumes that adequacy of preparation is the primary determinant of a student continuing into post-secondary education. Clearly, financial and other considerations enter into this decision. Furthermore, the study does not take into account persistence to graduation or the fact that three fourths of higher education students do not enter directly from high school nor do they complete their degree in the traditional four years.

The achievement test scores presented from the state data are generally limited to the basic subjects. One could argue that students in schools that do not offer advanced math courses, or physics, or chemistry, or two years of foreign language would not be as well prepared for college work as those who had access to such courses. In specific instances that may be true, however, if scores on the ACT tests are any measure of college preparedness, this appears to generally not be the case:

Barber and Muse (1983), in examining ACT scores of students from districts of 300 or less with those between 301 and 900, found that student performance on the ACT Exam was significantly higher in the small districts.

Sher (1988) in examining the distribution of ACT scores among the freshman class that entered the University of Nebraska-Lincoln in the autumn of 1985 (the most recent year for which these data are available) found that "...the highest ACT scores were attained by graduates of the three smallest groups of schools. The 282 freshmen from the tiniest high schools (with 24 or fewer in their class) scored an average of 21.7, while an equal number of students from larger schools (with 150-199 in their class) recorded 20.8 average score. The

UNL freshmen from the largest high schools (with 250 or more in their class) averaged only 20.7 on the ACT."

In a Montana study to determine if there is a relationship between the rate of college graduation and the size of high school from which students graduate, and to examine the issue of small schools versus large schools in relation to the adequacy of academic preparation for college, Clark (1989) concluded that size of high school attended in Montana does not appear to determine students' subsequent success in college. Academically, students from the smallest high schools did just as well, and in some cases better, than students from the largest high schools.

Attending a small high school in Montana is not a handicap. It appears that students in smaller high schools obtain a more personalized education with a strong basic skills background which enables them to succeed academically in college; in fact, it may be that a strong basic skills background is the most powerful determinant of college success.

Students from the very smallest high schools remained in college and were as likely to graduate from college as were those from the largest high schools.

Dropouts

The *Beyond High School* study does not look at dropout data, however, and nationally one in every four students who enrolls in ninth grade drops out before graduation. Here the differences between rural and urban schools are dramatic. (This generalization would, again, not hold true for poor, minority rural communities, e.g. Native American reservations, rural barrios, Southern Black communities or the hollers of Appalachia.)

A 1980 Guidance Study by the Division of Elementary and Secondary Education in South Dakota reported a one year dropout rate for the public high schools of 4.8 percent or approximately 19 percent for four years. This is approximately 6 percent below the national average. The four largest schools of the state had an annual dropout rate of 9 percent while the one hundred smallest high schools had a rate of 1.7 percent or approximately 7 percent for a four year period (compared to 25 percent nationally).

Standardization has resulted in a curriculum which, to a large extent, is dictated by statewide book adoptions in Texas and California.

Similar figures are available from Nebraska where the annual dropout rate is 7.7 percent. The two largest districts, Lincoln and Omaha account for 26 percent of all the 112,690 secondary level students enrolled in public, K-12 school systems of the state. However, these two school systems accounted for 52 percent of all dropout in Nebraska's K-12 districts. More students in the two largest school districts dropped out last year than in all the other 279 K-12 districts combined.

By contrast, there were 93 small rural K-12 systems which had no dropouts at all last year. In fact, Nebraska can boast of fifteen entire counties (all rural) in which no secondary students dropped out during 1986-87. The Class II school districts (all of which are small rural K-12 systems) have a record that is nothing short of phenomenal in this regard. For all Class II schools there were only 31 dropouts—an annual dropout rate well under 1 percent (Sher 1988).

The above studies suggest that given existing quality standards and our assessment procedures, rural schools appear to be doing pretty well. Certainly size is not necessarily the determining factor for quality. Rural schools have strengths, which if capitalized on, can be made to compensate for perceived weaknesses which result from overlaying an urban/industrial model of schooling on rural society. This brings us to the third issue. How might rural schools be redesigned to be more effective in this period of transition and beyond?

The Schools and Rural Development

Existing data on the quality of rural schools is both conflicting and inadequate. What is certain, however, is that education whether rural or urban is not good enough for the future. An education designed for an industrial society will not serve the nation in good stead as we move into the information/service society. The changes that need to be made, while painful, may hold a silver lining for rural schools and rural communities. In fact, the characteristics of the information age may, if we are sufficiently creative enough to capitalize on them, be just what is needed to bring about a more vital future for rural America.

Industrial society was characterized by specialization, standardization and centralization. It is this set of characteristics which, when played out in the education system, resulted in the belief that bigger-is-better. More specialized courses are better that fewer courses, more specialized teachers are better than fewer teachers who are generalists. Specialization has even found its way into the elementary school. The "graded" class structure replaced the multi-grade structure of the one-room country school. Now the gifted, compensatory and special need students are removed from the classroom for special programs and an increasing array of special needs continue to appear. Standardization has resulted in a curriculum which, to a large extent, is dictated by statewide book adoptions in Texas and California. Centralization has resulted in a continued push for school consolidation, removing schools from rural communities.

We are now moving into a new paradigm. The characteristics of an information society are quite different. Instead of specialists for the assembly line, generalists are needed that understand the big picture for problem solving. Standardization is giving way to diversity; centralization to decentralization. Such characteristics are much more in tune with the inherent characteristics of small scale and rural society where generalists and entrepreneurs are common, not exceptions.

Preparing students for an information society will require the development of a "thinking curriculum," an approach to learning which is much more experiential, one that involves students in information gathering, data analysis, arriving at alternative solutions. Textbooks and workbooks, while useful, if used exclusively provide only a symbolic medium which is drained of vitality and meaning. To recapture the relevance of learning, a style of schooling and classroom organization is needed that engages students far more actively with the natural and human world around them—not just in the context of science or social studies, but as fresh subject matter for artistic expression, mathematical analysis, astronomy, history, and for reading and writing. Because of their small-scale and ready access to the environment, rural schools are able to implement such a program far more easily than large urban schools. Rural schools could lead the way in the restructuring of education. With this redesign, education on a small-scale would be seen as the best possible education, not second best.

The information society holds promise for rural communities in another very significant way. In an information society, what one does for a living and where one lives are no longer as tightly connected. If one has access to the information infrastructure, one has a choice of life style. For those who enjoy the rural life style, a growing array of job options will be available, particularly since the majority of new jobs will be created by small entrepreneurs rather than the Fortune 500.

Given this changing context, the Rural Institute of the Mid-continent Regional Educational Laboratory has been piloting a program, Rural Schools and Community Development. The program has four component parts, 1) expanding the mission of the school to embrace community development, 2) using the community as the focus of study, 3) entrepreneurship education, and 4) using the resources of the school as an incubator for new enterprises.

Expanding the Mission of the School

The public school is often the largest single enterprise in town. In many rural communities it is the last viable social service agency. There are ways to use the resources of the school to make a greater contribution to the ongoing health of the rural community. Involving school and community leadership in a discussion of ways that this might happen is the first step in restructuring the school community relationship. Expanding the mission of the school to include community development also means the nature of the student body gets redefined. The school of the future is likely to include students from early childhood to senior citizens.

Community as the Focus of Study

The kind of "thinking curriculum" needed for the 21st Century will actively connect the subject matter being studied to the background of the learners. Such a curriculum is relevant to the important issues and tasks in the lives of students. The conduct of economic surveys, writing feature length stories on local businesses which are published in the community newspaper, or collecting data for an FmHA low cost housing loan for retired persons make the learning process more powerful while developing the understanding and appreciation of how the local economy works. Providing opportunities for young people to become participating/contributing members of the community contributes to self esteem. What students learn to know they learn to love. This understanding opens up career possibilities that did not formerly exist. For at least some "getting out of town as soon as possible" is now not the only option, and returning to raise families is a new possibility.

Entrepreneurial Education

Traditionally, schools have been much more effective at teaching students to find jobs than at creating jobs. Students need entrepreneurial skills to enable them to fill the niches in the local economy identified by community studies. Conducting market surveys, developing business plans, learning simple accounting procedures are good learning experiences and skills what will last a lifetime.

Schools as Incubators

New enterprises are most vulnerable during the first two or three years of operation. Most rural communities do not have ready access to the technical assistance and resources that have been found to be useful to fledgling businesses. The resources of the school could be used to provide that assistance.

There are themes other than community or economic development around which the restructuring of rural education could begin. Economic development, however, represents the most easily understood and therefore the most saleable. The future of rural communities depends on stemming the out-migration and diversifying the economy. And, while there is no way that the public schools can do the job alone, they represent an important resource present in every rural community which must be a part of a comprehensive rural development strategy.

In summary, rural schools may have been maligned unfairly through the years. The evidence suggests that, perhaps with the exception of rare students with very particular special needs, rural children have been served quite well. With the emergence of the information society, rural schools have the opportunity to be the leaders in redesigning schools for the future. And, if we are wise enough, not only will the education of rural children be improved, the future for rural communities will be brighter as well.

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The Response of Public Institutions to the Changing Educational Needs of Rural Areas

Glen C. Pulver*

The quality of life in much of rural America is now declining when compared to that in urban areas. Symptoms of deteriorating conditions include higher priority rates, increasing unemployment, a growing spread in the level of per capita income, and poorer health and education. Absent meaningful public intervention, rural economic conditions seem destined to lag those in urban areas for some time to come. Citizens and policymakers alike are asking what can be done to revitalize rural America (Brown et al., 1988; Congressional Research Service, 1989).

The great economic diversity of rural America complicates public intervention strategies. It was once thought that effective farm policy which bettered farm income conditions would improve immediate income prospects for most rural citizens. But farming, which once dominated rural economies, is now only one of a number of basic rural income sources. Nonfarm employment in manufacturing and services is much more important to local economic health in most situations. Once reliant on the natural resource base, rural Americans find their future increasingly dependent on their capacity to stimulate the growth of high technology manufacturing, producer services, tourism and retirement based industries. The cause of the rural decline and thus its solution is clearly broader than shifts in the structure of agriculture (Henry et al., 1987).

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A strong case is made that the root cause of the relative decline in rural regions is that they are simply at an efficiency disadvantage in attracting contemporary growth industries. Except in the case of natural resource-based businesses, the farther communities are located from population centers, the weaker their economic position. The fact that the more remote rural regions are generally economically worse off provides some support for that argument (Deavers and Long, 1988; Eberts, 1986). Others suggest that rural communities are becoming poorer because of chronic underinvestment in public infrastructure. Highways and bridges are deteriorating rapidly and the historic failure to adequately invest in public education has resulted in a work force ill-prepared to meet current job requirements (Bawden and Brown, 1988; Deaton and Konyha, 1988).

Today, many argue that the level of local economic success is greatly affected by the quality of community leadership. Proponents of this position suggest that rural economic well-being is possible in spite of other detrimental conditions, if community leaders are willing to take risks, are committed to sustained effort over time, seek external technical assistance and make wise investments in their future. The great variation in income among rural communities with otherwise similar resource conditions offers some support to this argument (John et al., 1988; Economic Policy Council, 1990).

The Status of Policy Education

It seems clear that the economic revitalization of most of rural America will require comprehensive development policy. The residents of rural communities have drastically different goals. Some may be anxious to encourage employment growth in order to provide jobs for their maturing children. Others may opt for the retention of natural beauty and no job growth. Development opportunities are not all the same. High technology manufacturing may be a realistic opportunity for one region while tourism is a more likely objective for another.

A wide range of policy options may be available, but they are of little use unless policymakers are aware of them and know how to knit them together effectively. Historical experiences with external economic and political institutions differ. Many communities have received strong external financial assistance—while others have been neglected. In any event, no single strategy or plan fits all rural circumstances. As a result, public policy aimed at rural development requires careful articulation at national, state and local levels.

The presence of high quality leadership, capable of energizing and focussing national, state and community action, assembling resources and providing technical and other assistance, is requisite to rural development. This is a special problem at the local level in rural areas. When compared to urban areas, rural communities are at a leadership disadvantage—not because citizens are less intelligent or unable to provide leadership, but because in rural areas there are fewer people to distribute the leadership load; they have a narrower knowledge base because their local economy is less varied; they have fewer financial resources for employing development specialists; and they are frequently at a greater distance from external technical assistance in both the private and public sectors. As a result many rural leadership decisions are not well informed and much local energy is fruitlessly expended in the name of development, simply because rural officials do not know which strategies will likely have the greatest payoff in their specific situation.

Perhaps, the most important initiative which could be taken to stop decay in rural America would be to support the institutional infrastructure necessary to provide continuing education and technical assistance regarding development to rural leaders and officials. This would help local leaders make better choices and take those actions with the highest probability that their development goals would be met.

To date, the response of public institutions to this need has been scattered and ineffectual. Small programs have been supported by state development departments, some community colleges, a few four year universities, a limited number of consultants, and a handful of corporations and foundations, as well as some governmental associations.

Nationally, the Small Business Administration supports a program of education and technical assistance targeted at small business operators in both urban and rural areas. This effort fulfills only a small portion of the demand for the service.

The Cooperative Extension Service, with a broad mandate to help improve living conditions in rural areas through continuing education, has an equally scattered record. There are major Extension investments in rural community development in a few states. Most state Extensions, however, have chosen to relegate this concern to a minor peripheral role. Agriculture, family living and youth continue to dominate their programs.

. . . rural communities are poorer because of chronic underinvestment in public infrastructure.

National, state and local educational responses have not only been scattered, they have also been:

- poorly rationalized—that is the knowledge base necessary to produce positive results from rural development policy choices is not widely understood;
- underfunded—in the past the federal government has allocated 5 to 10 million to rural development education and technical assistance—barely enough to employ one or two people per state—states have done little better;
- competitive rather than collaborative—agencies fight over broad responsibility and limited resources—examples are found in the struggles between public agencies at the national and state levels;

- lacking enthusiastic leadership—there are no national or state voices with a sense of deep concern for nonfarm rural problems, capable of energizing necessary political action—this is not the case locally; and these responses are, for the most part,
- politically uninteresting—investments in social infrastructure do not generate the same political attention as those in physical infrastructure (e.g. roads, bridges, sewer plants, industrial parks, airports).

There is some evidence that these small efforts do produce dividends in the few rural communities where they are applied. Formal evaluations and anecdotal reports support the value of continuing education and technical assistance in rural development. Community leaders and small business owners who have received this assistance are enthusiastic supporters. In light of strong local concern for the problem, and support of the programs which have been tried, it is difficult to understand the absence of national and state support.

It is the contention of this paper that problems in securing widespread support for rural development education are due to the lack of a clearly rationalized theory of rural development including policy objectives, mechanisms, and opportunities. Although academicians are not responsible for generating the funding and political leadership necessary to deal with the decline in rural areas, they do have the challenge of providing clearer insight regarding prospective routes to development. The remainder of this paper is therefore an attempt to offer one such rationalized perspective for rural economic development policy.

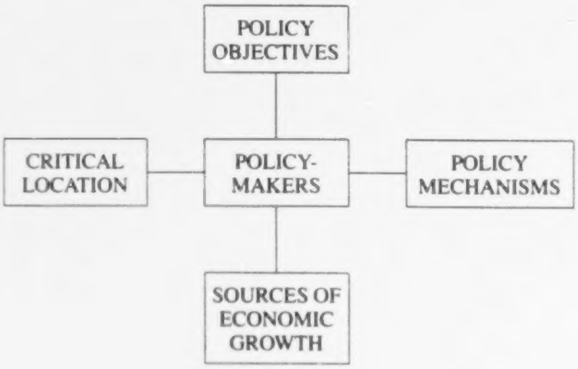
Rural Development Policy Overview

As indicated earlier, to be effective, rural development policies at the national and state level must be comprehensive and sufficiently flexible to allow for unique design at the local level. The entire policy mechanism might be viewed as being made up of four major components which may be manipulated by policymakers at national, state and local levels.

Policy Objectives

The starting point for all manipulations of the rural development policy mechanism should be a clear delineation of objectives. Unfortunately, rural development policy is best characterized as a collection of programs, expenditures and regulations launched almost indiscriminantly at an undefined target called development with little articulation of real objectives. A wide spectrum of choices may be pertinent, including aspirations regarding total wealth, employment, income, sustainability (the ability to sustain an economy over time with proper consideration for the environment), stability (cyclical variations), vitality (a capacity to generate new products and services), quality of life, and the distribution of all of the above among various classes of people.

The most frequently stated development objective is more jobs—more jobs for the nation, state and community. Governments and development organizations have judged their level of success by the number of new jobs created. On occasion this includes a formal accounting of the number of jobs created per dollar invested. This has resulted in a strong historic focus on industrial development programs aimed at attracting manufacturing plants with large employee numbers. Rural development and industrial development have been used analogously, thus the emphasis on industrial parks, sewer and water systems, highways, promotion brochures and capital subsidies for manufacturers.



The failure to recognize the importance of other objectives causes policymakers to miss some of their opportunities for development. For instance, if increased income were identified as a specific objective, state and local policymakers might be led to examine the primary sources of personal income growth. If they did, it would soon be evident that passive income (transfer payments, dividends, interest and rent) is a rapidly growing portion of total personal income. A large part of that income is in the hands of people of retirement age. Strategies aimed at attracting the silver-haired industrial base might receive greater attention.

The objectives of policymakers vary at all political levels. For example, national objectives might emphasize increased total wealth through better international competitiveness, improving the relative income levels and opportunities of racial minorities, and/or increasing employment opportunities in specific regions of the country. States might emphasize the generation of new technology, expanded entrepreneurship, and/or revitalization of groups of people dependent on a declining industry. Locally, objectives might be as simple as more jobs and income for local people.

Economists have not helped much. Their persistence in defining efficiency as the primary development objective with occasional references to equity does little to help policymakers understand the complexities of policy formulation. Clearly, the generation of increased total wealth for a nation, state or locality through improved efficiency is vital. But it is not the only objective by which progress should be measured. Equity, or fairness, is an ambiguous term needing more precise definition. A clear articulation of wealth, employment, income, sustainability, stability, vitality, quality of life, and distribution objectives and how each might be measured, would be useful. Analysis of the impact of specific policies on each of these variables under varying conditions would provide policymakers real assistance.

Policy Mechanisms

National, state and local leaders can chose from a wide spectrum of mechanisms in actuating policy. The manipulations of fiscal, monetary, trade and other national macro policies all have an effect on rates of national growth and thus on rural development. Matters such as the balance in economic dependency between goods and service-producing industries are of long run concern. States and local governments can also use fiscal, tax and trade policies to influence relative rates of growth.

Other policy mechanisms include:

- incentives such as cost "write downs" on physical facilities (e.g. industrial sites and buildings), low interest loans, tax exemptions and guaranteed minimum prices;
- infrastructure investments in physical facilities such as roads, water systems, urban transit, and telecommunications and in social institutions such as vocational and adult education, marketing and other assistance;
- environmental guarantees such as air and water quality standards, open space and supportive regulations;
- social support systems such as social security, unemployment compensation, and health care; and
- distribution mechanisms such as progressive taxes, aid for dependent children, regional planning and income subsidies.

At the national level, incentives include FmHA and SBA loan guarantees and tax free industrial revenue bonds. National investments in infrastructure include rail transportation systems, airport development, federal and interstate highways, and subsidies to schools. Social support systems include Medicare, Medicaid and Social Security. The national government also influences regional growth by direct investments in government facilities such as military bases, regular purchases, and through housing development. The government often influences the location of development indirectly through regulation and licensing policy. For example, deregulation of the airlines may have reduced the cost of travel between larger cities, but it has had the opposite effect on most rural areas. The end result is less competitive rural areas.

A similar list of examples could be produced for state and local policymakers. The point is, policymakers at all levels must use a combination of mechanisms (strategies) in attempting to achieve their overall objectives. Unfortunately, most choose one or two which have proven successful in the past or appear popular at the moment. Thus, the attention to attraction strategies focused on manufacturing which were quite effective in the 1960s and 1970s (times of rapid growth in manufacturing employment in rural areas) or to business incubators which are being proffered as essential in engendering entrepreneurship—the growth sector of the future. This lack of comprehensive policy is apt to prove disastrous in highly fragile rural areas.

Sources of Economic Growth

There is increasing recognition among policymakers that the economic well-being of any region depends on a wide range in types of industries, sizes of firms and sources of income. Changes in a region's level of economic well-being can come from any of five interconnected sources: 1) the change in employment in numbers of firms already located in the region; 2) the birth or death of firms, 3) the migration of employers either by moving the entire business or by opening or closing branch plants; 4) the location of private expenditures; and 5) public expenditure patterns. Public interventions, to have an effect, must ultimately influence one or more of these sources of change. It is important therefore, that national, state and local leaders have a grasp of the relative importance of each source of change under varying resource conditions.

. . . to stop decay in rural America . . .
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leaders and officials.

Expanding firms are the largest source of economic growth in most regions. In recent years, many more community economic development strategies have focused on business retention and expansion programs. The 1980s were heralded by some as the age of the entrepreneur. It is often argued that start-ups are the only true generators of new jobs, income and wealth. There isn't complete agreement as to which factors encourage expansion of entrepreneurship in a specific region.

U.S. firms rarely move their entire operations. The migration of employment opportunities generally takes the form of new branch plants, offices or other facilities. New branches remain an important source of economic growth. Local employment and income is also improved by any mechanism that retains more of the purchases of local citizens and firms and captures those from outside the community. Government funds which are expended in a region, either as payments to individuals (e.g. social security, farm payments), for direct government purchases, for the maintenance of government facilities (e.g. military bases, parks) or as grants, also have a positive effect on its economic well-being.

There is considerable discussion about rural areas' ability to compete for jobs, income or other policy objectives through any of these means. Some argue that rural areas are at a serious economic disadvantage in attracting high technology manufacturing and producer services (Deavers and Long, 1988; Miller and Bluestone, 1988). Others see no major impediments to rural area employment growth of many of these industries (Smith and Barkley, 1989; Porterfield and Pulver, 1988). They argue that the industrial mix of rural communities close to metropolitan areas is similar to that in urban areas, and that the difference is blurred between suburban rings and their neighboring rural areas. Economic conditions in more remote rural regions clearly differ from those in and near urban centers. Thus, development opportunities differ. It is vital that policymakers understand the differences and choose those policy mechanisms which will have the desired effect.

Critical Location Variables

Differences in the level of development among rural communities appears directly related to levels of access to specific infrastructure. Most studies of the infrastructure requirements important to economic development have focused on traditional goods-producing sectors. Recently, some insights have been gained regarding the services-producing sectors and high technology manufacturing (Ady, 1986; Premus, 1986; Smith and Barkley, 1989). Most critical among the vital location factors are access to knowledge, capital, telecommunications, transportation, and a high quality living environment. It is the degree of access to these variables which most directly controls the nature of changes within a regional economy.

Labor continues as a primary factor in most business location decisions. In the 1950s and 1960s, firms sought employees willing to work at relatively low wages. Today, much greater emphasis is placed on a well-trained work force. Higher levels of technology and more frequent adjustments in operation and organization demand better educated employees with technical skills who can adapt to changes in the workplace. Computational and communication skills are in demand. Global economic changes place even greater pressure on knowledge infrastructure requiring elementary, secondary and higher education systems producing students capable of competing with the best in the world. In many rural regions the primary need is not improved physical facilities, but serious improvements in curriculum, quality of instruction and community social support services. Access to continuing education is also important. If rural areas, especially more remote regions, are to provide employment and income opportunities in the future, investments are necessary in job training counseling, entrepreneurship, business management and technical education.

Capital access is essential to economic growth. The development prospects of any region depend upon the competitiveness of its applications of capital and the adequacy of its capital markets. Access to capital does not appear to be a universal problem in rural areas. Instead, capital access problems appear to be specific to firms on the margins of local markets. They are frequently firms of a type new to a region, smaller businesses with small loan requests, preventures or start-ups, high risk firms without linkage to equity providers and rapidly expanding firms. These are the kind of firms often on the leading edge of development.

Soon, low-cost communications links will be fundamental to most business operations. High growth industries such as high technology manufacturers, producer services and some consumer services are major information consumers. As a consequence, communities with ready access to high quality telecommunications systems will have a competitive advantage.

Two critical transportation matters will influence rural areas' development prospects. First is the maintenance of interstate highways, bridges, roads and airports. Easy access to interstate highways and to airline travel is an important location variable. The second is deregulation. There is strong suspicion that transportation deregulation has seriously raised the comparative cost of doing business in rural areas.

Today, a much higher proportion of economic growth occurs in relatively footloose industries and small businesses which may be more selective in location. Nearly all Americans expect to be able to live in communities which offer a high quality living environment. Although the definition of quality varies, most people agree on good schools, excellent health care, physical security, recreational and cultural opportunities, satisfactory housing, public amenities, clean air and water and pleasing aesthetics. Most can be influenced by public policy manipulation.

Conclusions

The four components of the rural development policy mechanisms with which national, state and local policymakers must deal (policy objectives, policy mechanisms, sources of economic growth and critical location variables) are in a constant state of flux. As the global environment changes (e.g. technology, political initiatives, social initiatives, natural conditions, knowledge) so too do the size and shape of the components. Technology shifts include those in biotechnology, electronics, and ceramics. Political initiatives are represented by war, struggles for freedom and democracy. Social initiatives include the introduction of trade barriers and financing initiatives like junk bonds. Drought and earthquakes are examples of shifts in natural conditions. A change in human knowledge of the arts and sciences also shifts perspectives.

Policymakers attempting intervention aimed at specific policy objectives must use the policy mechanisms at their disposal to create an environment (i.e., influence critical location variables) which will nurture the desired changes in the economy within existing resource conditions. They must continue to be sensitive to constant variations in their environment and act accordingly.

If all of the elements of rural development policy were more clearly rationalized at all political levels it is likely that existing efforts would be more successful. It would encourage greater respect for the roles of all concerned institutions and raise the level of enthusiasm for rural development programs now lacking among the leadership of rural agencies and organizations. In addition, it would make increased public expenditure on rural development more politically interesting. Absent this, public institutional responses to the changing educational needs of rural America will continue to be scattered and ineffective.

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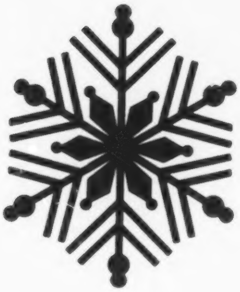
Tomorrow's Leaders Today: Redefining the Rural Community

Timothy O. Borich and Mary E. Foley*



The economic and social problems of the rural Midwest resulting from the agricultural economic crisis of the 1980s have been discussed thoroughly in both the professional and popular literature. Rural Iowa found itself in the middle of this crisis unprepared in many ways. Its economy has traditionally been heavily dependent upon both agriculture and the production of agricultural inputs.

The past decade saw declining farm land values and a reduction in the number of family farms. Communities outside the primary influence of urban growth centers generally lost population and retail trade, and experienced a continuing depreciation of public infrastructure. Housing prices paralleled the decline in farm land prices in most rural Iowa communities. The capacity for service provision of rural governments also was reduced.

The ability of most rural Iowa towns to cope with drastic changes in their social and economic environment is limited. Declining/depleted human and financial resources inhibit an adequate response to larger structural or environmental forces. Even in cases where, collectively, the community may seek positive change to deal with complex economic trends, their size constrains the potential to meet local development goals. The capacity of small towns to "go it alone" in their decision making is further inhibited by growing numbers of external or vertical linkages affecting local decisions (Warren, 1978).

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Rural areas depend upon volunteers for leadership in their development efforts (Somersan, 1987 and Kaufman, 1985). Traditional adult leadership educational efforts in rural communities have focused exclusively upon issues or on interpersonal skills, and the context of community is frequently ignored (Wilkinson, 1986). Individual education is emphasized at the expense of collective action. Thus, Wilkinson (1986) states that leadership development without community development can be harmful in small towns.

It is within this context that the Iowa State University Cooperative Extension Service faced the task of designing an adult education program that not only develops individuals as leaders, but enhances the potential for their rural communities to adapt successfully to a changing environment.

Definitions of "rural" abound, making the concept difficult to measure (Hoggart and Buller, 1987:8-18). The word "leadership" has been in the English language less than two hundred years (Rosenbach and Taylor, 1984) and is subject to ambiguity and numerous interpretations (Pfeffer, 1978). The sociologist, George Hillery (1955), came up with more than 90 different definitions of "community."

For the sake of clarity in this paper, some operational definitions are required. A community will be defined as a group of people for whom place or territory has significance. This place has organizational features separating it from the surrounding environment, and allowing its members to act collectively (Kaufman, 1959). One should be able to distinguish a community from other communities and a community should be able to act collectively toward common goals.

In working toward the goal of collective action, leadership in the community becomes critical. By using the term "community leadership," we are referring to the capacity of individuals or groups of individuals to sustain action in the community. This can include numerous traits, skills, vision, power, and other characteristics involved with leading others toward a common goal (Terry, 1987). In this sense, leadership may reach beyond a given charismatic individual, and involve collections of individuals taking on specialized roles to move the community forward as a whole.

Note, rural community leadership does not necessarily mean a single individual directing actions in a single municipality. A "field" for community leadership exists that is both dynamic and emergent (Kaufman, 1985). In this view, leadership is fluid in the context of place and numbers of people involved. In different situations, different people may take on various roles to achieve common goals.

All too often leadership development training has ignored the situation or context in which rural community leaders operate (Wilkinson, 1986). Rural communities are not closed systems isolated from the outside world (Warren, 1978). The local newspaper editor may answer to a corporation with offices outside of the community. Federal and state regulations affect the way local communities dispose of solid waste. The grocery store manager may be president of the commercial club, but the decisions made as president may be strongly influenced by his or her connections to a central office located in a nearby city.

In such an open environment, leadership development as an educational process presents a number of complex issues. Emphasis needs to be placed on the environment or context in which leaders operate (Vandenberg, et. a., 1987). Just as it is difficult to teach someone how to swin outside of the water, or to lecture to someone about riding a bike, leadership development programs must allow participants to actually experience leadership as part of the learning process. This is best accomplished within the environment in which future leadership is expected to take place.

The Environment of Iowa's Rural Leadership

During the 1980s, agriculturally-dependent and natural resource-dependent sections of rural America faced chronic problems of poverty, out-migration, a declining tax base, and a rapidly deteriorating infrastructure. Some researchers question whether these patterns can be reversed, given the power of economic and political events surrounding rural communities (Krannich and Humphrey, 1983). Others contend that existing stratification of communities will make it difficult for weaker rural communities to compete with their more stable urban neighbors (Logan, 1978). All agree, however, that external conditions are a primary force contributing to the problems in rural America.

The organizational features of rural communities mirror the economic crisis existing in agriculturally-dominated regions. When agriculture is threatened, the entire community suffers. From an organizational perspective, major gaps appear in community infrastructure. When residents can no longer depend on the local territory to satisfy basic economic and social needs, some form of adaptation is required. Residents may seek alternatives to their present communities either through out-migration, or as commuters, by relying on the organizational structure of larger neighboring communities. In either case, further declines in the local community's infrastructure are expected.

Alternatively, residents may attempt to restore the organizational structure of the community through collective action. However, limited resources available in these communities (dominated by an agricultural or natural resource-based economy) have limited the success of this form of adaptation. Furthermore, better educated rural residents are frequently among those migrating to better paying employment in urban centers, thus depriving rural areas of a major source of future community leadership (Voland, 1986).

Since the Industrial Revolution, Tonnies (1957: 247:59) and numerous sociologists have noted the influence of urbanization, industrialization, and an ever-increasing global economy on rural settlements since the Industrial Revolution. Because of the higher levels of concentration and differentiation resulting from these processes, rural communities are experiencing problems associated with dependence and distance. These trends, combined with the smaller population of rural communities, have led to intervention strategies whereby smaller settlements are brought together to form larger, presumably more efficient units. In Iowa, it has been advocated that these regions be based as residual areas to centrally selected and planned growth centers where development is focused (Daniels and Lapping, 1987).

In the United States, state or federally encouraged or mandated regional councils of government have existed since the mid-1960s as a vehicle for funnelling extra-community assistance and resources to communities facing similar problems. The eventual removal of extra-community support, however, has shown these alliances to be quite fragile and easily prone to disassociation (Lorenz and Muhwezi, 1988).

A different form of substate regionalism is possible and appears to have merit in rural areas. Rather than delineating regional boundaries and compliance requirements at the state or regional level, multi-community alliances can be, and are, emerging as a voluntary process based on common needs and interests. Participating communities share in the delineation of the alliance's boundaries and the decisions made with respect to alternative courses of action.

Grassroots regionalism represents a voluntary alliance between two or more communities for the purpose of pursuing common activities to satisfy common needs or interests. This form of voluntary inter-community alliance is most frequently found on a much smaller scale than the normal sub-state region, thus allowing for greater local influence.

From the classical human ecological perspective, the basic process of human relationships is competition and organization for survival (Miley, 1980). Communities compete with one another for space, resources and superiority—or dominance in the sense of having control over other communities in their environments. Competition is a natural process in the sense that growth and change occur as outcomes of competition. Organization of collective action is frequently seen as a means through which communities adapt to their collective environment (Duncan, 1959 and Hawley, 1971).

The impetus for participating in these grassroots alliances is found in the conditions of contemporary rural America. Because of existing relationships with larger urban centers and their collective economic environment, rural communities can be expected to join forces on a voluntary basis in an effort to gain a competitive advantage by pooling their limited resources. As Hawley (1986:106) suggests:

> any subdominant polity (community) that can marshall the requisite resources can tap into networks and share in information flows. Where resources are meager, collusive action on the part of two or more polities can be used to pool resources. By that means, dominance . . . can be reduced.

Selection of communities for entering collusive action, i.e., grassroots regionalism, is determined by the likeness of the parties under consideration. Initial scarcity of resources may cause communities similar to each other to compete. Eventually:

> like units sooner or later enter into collusive arrangements in order to limit, channel, or otherwise control the competitive relationship (Hawley, 1986:71).

Grassroots regionalism offers rural communities a strategy to create a new arena or context in which local leadership operates. Because of the limited capacity of rural communities to control the events that effect local decision making, alliances of rural communities to support mutual goals has a ring of common sense. Although outside influences have decreased the autonomy of local decision making in most rural communities, collaboration with nearby communities can be a means by which the sphere of influence may be expanded.

Tomorrow's Leaders Today . . . An Example

Rural community leadership cannot be isolated from global circumstances. Warren (1988) has called for a multi-paradigmatic approach to community theory, a "kit of good tools," from which the community sociologist and developer may choose. The Tomorrow's Leaders Today (TLT) curriculum is eclectic in its theoretical base as an adult educational program. It addresses community leadership not only on a personal development basis, but attempts to change the environment in which that leadership is to operate.

Tomorrow's Leaders Today is an experimental program based on innovative methods to improve the quality of life available in rural communities. Ryan (1987) found that rural communities do not cooperate more often in economic development because they lack knowledge about organizing cooperative efforts. The TLT program emphasizes cooperation with neighboring communities and a commitment to sharing resources and working towards common goals. The TLT program is funded by the W.K. Kellogg Foundation in cooperation with the Cooperative Extension Service, Iowa State University.

This program is designed to provide intensive, long-term training to emerging leaders in clusters of Iowa communities under 5,000 population. The curriculum emphasizes leadership-by-doing as it engages individuals in community leadership roles. The program, while voluntary, requires a community to work with other communities to receive training.

Another goal is to achieve new organizational patterns of cooperation among participating communities. Motivation for involvement in the program frequently comes from existing leaders who perceive their communities at a relative disadvantage compared to more urban centers in Iowa. Years of out-migration of young adults has also left the perception of a growing void of new leadership in these communities.

Existing community leaders interested in TLT want to provide leadership training to a new group of individuals in the community—those who will "take over" responsibilities for the community. Other emerging leaders initiating the program feel a need to find and work with those interested in expanding their leadership role and moving their community in new directions.

Some communities take an interest in TLT because they want to explore the possibilities of working with neighboring communities. Other multi-community groups (clusters) have already begun working together independent of TLT. They see the TLT program as a means of strengthening their new organization by involving more people, bringing them together over time to build relationships, thus developing a cadre of leaders committed to development of the cluster and its member communities.

Persons selected to participate in the training tend to be "emerging leaders," people seen within the community as not yet within a position of power, yet with a high probability of gaining a formal or informal position of influence in the near future. Program initiators brainstorm a list of potential program participants from their own community. In many cases this is a slow and difficult process because existing leaders often tend to be locked into a mindset of who the potential leaders are. Individuals in formal positions come to mind first. TLT program staff attempt to direct thinking to other, often nontraditional, groups of people who may be interested.

Building acceptance for an expanding community leadership pool is in itself part of the educational process. Invitations and encouragement to participate come from these program initiators. This method gives two messages. First, the program is locally based, and second, the existing and emerging leaders will continue working together. Participants come from many different professions and occupations. A deliberate effort is made to include individuals from the rural areas within the cluster. Over 40 percent of the participants selected are women. The average profile of participants is white, age 35, with one or two years of college education.

Extension uses the following methods to reach TLT objectives (Borich, et. al., 1989):

1) **Personal development:** Participants explore their personal leadership styles and build the leadership skills they need to better work with others to achieve common goals.

2) **Experiential learning:** People learn to lead by leading. Along with basic instruction, participants are involved in an action project. Through this experience their confidence in their abilities grows.

3) **Networking:** Successful leaders know who to talk to. TLT participants interact with leaders from their communities, nearby cooperating communities, and outside locations. Skills to maintain internal and external communications are developed.

4) **Community involvement:** TLT involves existing community leadership. Local leaders are invited to teach and to participate in panel discussions, and advisory committees.

5) **Knowledge of community:** Participants learn more about their own and neighboring communities. Community resources—financial, physical and human—are identified.

6) **Larger sense of community:** TLT promotes cooperation among "clusters" of communities to address shared problems or opportunities The advantages of sharing resources and speaking with a unified voice to state agencies, funders, or economic development prospects are explored.

7) **Capacity for action:** The curriculum incorporates a step-by-step process for taking action on shared issues called a "cluster action plan." This process directs human and financial resources toward cluster goals.

8) **New leadership roles:** TLT participants will fill new leadership roles within their communities or clusters. A formal cluster organization is presented as one option to sustain cluster development and assist graduates in finding leadership roles in community organizations, boards, and committees.

9) **Continuing education:** Program graduates are offered continued leadership development opportunities in exchange for a return of service to their own or neighboring clusters.

The objectives of TLT tend to blend community field theory as a method of community adaptation to its ecology through an educational effort. Kaufman (1959) argues that to identify community action appropriate to a community field, it should cover a wide range of issues, have significant reference or identity with the community, and result in a change in the community's institutional structure. Kaufman calls for the development of theory to support social research that contributes effectively to community development. In this vein, the Tomorrow's Leaders Today Program applies theory within a redefined community field.

The TLT curriculum includes 10 sessions held over nine months (Appendix A). Coming together over this length of time allows participants to build relationships which are later transferred to the larger community and cluster area. The first five sessions are standard for all classes. As mentioned earlier, the curiculum emphasizes leadership-by-doing. The first activity is for participants from each community to develop a slide show presentation of their community. Very little direction is provided to the group with the intent of observing how leadership and process emerge from the group.

The objectives of the community slide show assignment are to: look at your own community from a new perspective; learn about the other communities; experience a common group activity from which to draw throughout the curriculum; and observe the emergence of various personal leadership styles. The slide show assignment has proved to be an effective method of reaching the stated objectives. Participants learned both the positive and negative aspects of undertaking a task with very little direction provided. They are now more aware of assets and detractions in their community and the other communities in their cluster. As the curriculum progresses, participants are able to apply to this experience what they learn about their own personality and leadership style, and about group processes.

The next step is blending the individual presentations into one slide show which represents the entire cluster. This experience centers on the dynamics of creating a new context of community—each community becomes part of a new whole while still maintaining its own identity and uniqueness. While participants are in the process of building their community presentations, the curriculum focuses on personality and leadership styles. Using the Myers-Briggs Type Indicator (MBTI), participants gain insight into their own identity and personality type. They apply this to their own leadership style and learn to recognize individual leadership strengths and weaknesses.

From this stage of personal development, the next step is building effective working relationships based on similarities and differences in personality types and leadership styles. Preparing the slide shows serves as a common experience for applying MBTI results. Participants have been immediately able to apply MBTI results not only to relationships within the TLT program, but also in their families, at work, and in the larger community.

Participants seem to feel good about learning something specifically related to their own personal development. This in turn builds self-confidence—knowing its "okay to be different"—and a greater willingness to contribute to community action. Throughout the TLT program, participants refer to the impact that diferences in personality and leadership style have on their personal relationships and community interactions.

Midway in the curriculum, all clusters in the TLT program come together in a two-day "retreat" setting. In addition to interacting with resource people in the community development field, participants share experiences with emerging leaders from around the state. This allows for exchanging ideas, comparing situations, and reaffirming their belief in the need for taking a leadership role in their communities and clusters.

Appreciation for a variety of perspectives is applied to the community decision making process. The emphasis on leadership-by-doing now moves from class projects to community action within the cluster. Participants use multiple methods to assess community needs and gather ideas for possible cluster projects. These possibilities are analyzed against a series of criteria so that the projects selected are beneficial to the communities in the cluster, and the participants have determined for themselves that they have the capacity for successful action. These projects are often the first community action experiences in the new multi-community context. Working in small groups, project ideas are developed following a "cluster action plan."

The stated TLT objectives are further met through the process of planning and implementing the multi-community projects. Participants network with community leaders and resource people from other agencies and organizations. Resources are identified and utilized for this project, and are kept in mind for use in future projects. Again, the ups and downs of group processes are experienced, especially in relation to the new context of working in multiple communities. For some participants, planning for successful community action is a new experience.

Sessions six through ten are customized to reflect local needs and specific projects. Altogether, TLT programs involve more than 40 hours of instruction. Most sessions last three hours but session five is a two-day retreat. A clear sense of purpose and direction is maintained through the combined efforts of Extension staff serving as facilitators and participating individuals and communities.

Thus far eight clusters of communities have completed the year long program—three during the first year of the program and five during the second year. Eight new clusters have been included in this, the third year of the program. With one exception, these communities are under 5,000 in population; most are under 1,000. Clusters range in size from three to eight communities; the number of participants per cluster averages around 25.

Cluster activities initiated during the TLT program or following thereafter include:

- an inter-community celebration of the 60th birthday of Mickey Mouse that was co-sponsored by the Walt Disney Corporation.
- developing a cluster business directory
- producing a cluster promotional videotape
- sponsoring a career night for high school seniors that promotes local employers.
- raising funds to sponsor scholarships for multi-community residents.
- recruiting small industries to locate within the cluster.
- hiring a paid staff person to coordinate cluster activities.
- developing a bike ride between cluster communities.

Some of the communities that have recently completed the TLT course have gone on to formalize their cluster organizations through intergovernmental agreements or as non-profit corporations. Other graduates of the course are in the process of forming cluster organizations, or have assisted in expanding existing organizations to more fully develop the cluster concept in the area.

It is much too early to claim "success" for the TLT approach. Pre-test/post-test evaluation of participants in the program show more activity in local organizations upon completing the course. A number have gone on to run for public office. The long lasting benefits the communities might receive from the TLT program or clustering are yet to be identified and realized.

Conclusion

A realistic approach to leadership development must recognize its complexity. The TLT program strives to increase the knowledge and skills community leaders need to lead effectively. Above all, individual participants must be committed to exploring how working with other communities may benefit their own organizations and community.

In considering the local human ecology in which rural community leaders must function, the TLT leadership program is somewhat unique. The TLT curriculum emphasizes the experiential learning of leadership and a redefinition of the context in which that leadership must take place. Thus, TLT addresses rural community development by attempting to expand its leadership base through training while expanding the local resource base through grassroots regionalism.

In this endeavor, the TLT program has experienced some early success, as well as failure. The program itself is less than 30 months old. Personal skill development and the community activity levels of participants appear to increase among the participants who have taken the program. However, about one in six clusters in which we have conducted the program has not continued to meet or operate on a cluster basis.

To the credit of the W.K. Kellogg Foundation, they have challenged us with this grant to pilot new methods. The Iowa State University Extension Service has used these funds almost as venture capital in adult education. We have taken programming risks with the encouragement of the Foundation staff. Neither the staff nor the program participants see either the "clustering" or the leadership development component of TLT as an ultimate answer to rural Iowa's problems. Rather, it is commonly being explored as a potential piece for further rural revitalization efforts. TLT and grassroots regionalism represent some new directions in rural community development by putting social and community development theory into practice. As with all new types of development efforts, only time will tell as to its ultimate level of success in rural communities.

Appendix

Tomorrow's Leaders Today: Schedule of Sessions*

Session 1. Commitment (September) Objective: to acquaint participants with the program and each other. Staff present an overview of community development through clustering. Community teams are asked to develop a slide show which will introduce their respective community to the others.

Session 2. Personality types and leadership (October) Objective: to gain insight into one's identity and affirm one's self concept; and to understand how personality types relate to leadership styles and individual leadership strengths and limitations.

Session 3. Community identity (November) Objective: to develop community identity as a foundation for cooperation and to strengthen relationships with existing leadership. Each community presents its slide show. Staff help participants apply the concepts of individual leadership styles and group structure to the process of developing their slide shows.

Session 4. Groups (December) Objective: to build understanding of why groups are important and how to make them work for us. Staff present an overview of group phases, emphasizing group formation. Participants use formal brainstorming to generate project ideas. Participants also share results of informal needs assessment.

Session 5. Sharing (January) Two-day retreat. Objective: to promote inter-cluster networking and to initiate action on cluster ideas. This session is a two day retreat held in Ames at Iowa State University. The retreat includes presentations on community development, communications and the future of rural communities. Each cluster presents its slide show. Participants review and assess the feasibility of project ideas generated in session four. They commit themselves to a cluster project, and identify additional community leaders to be involved in their project.

Session 6: Action planning (February) Objective: to begin working on projects. Participants will be introduced to an action model to be used for project planning. The model will be illustrated using local examples as shared by local leaders.

Session 7: Perspectives (March) Objective: to show participants an outsider's perspective of their cluster. Participants will also learn how to use illustrations to help promote their project ideas.

Session 8: Implementing action (April) Objective: Participants will involve other community leaders in their project planning. Teams will prepare to present their ideas to the public. Local leaders work with participants on cluster projects.

Session 9: To be or not to be (May) Objective: to explore options for continued cluster organization. This may include a new organization or involvement in existing organizations. The basics of organizational effectiveness will be discussed.

Session 10: Celebrate (June) Objective: to introduce newly trained leaders to the community, to mark the official end of the course, and to motivate for continued action. The session includes a review of the participants' plans for cluster action and organization.

*Developed by Julie Almquist, Tomorrow's Leaders Today Program Assistant; Mary Foley, Extension Resource Development Specialist, North Central Iowa Area; and Betty Wells, Extension Sociologist, Iowa State University, Ames, Iowa 50011.

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